

COUNTY OF CAROLINE, VIRGINIA



Annual Comprehensive Financial Report Ending June 30, 2021

Charles M. Culley, Jr., County Administrator
Alan L. Partin, Deputy County Administrator
Tomeka C. Smith, Director of Finance

COUNTY OF CAROLINE, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Prepared By:
Department of Finance

COUNTY OF CAROLINE, VIRGINIA
FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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**COUNTY OF CAROLINE, VIRGINIA
PRINCIPAL OFFICIALS
June 30, 2021**

BOARD OF SUPERVISORS

Reginald L. Underwood, Chairperson

Jeffrey S. Black
Clayton T. Forehand

Nancy L Long
Jeffery M. Sili

Floyd W. Thomas

CONSTITUTIONAL OFFICERS

Honorable Sarah L. Deneke Judge of the Circuit Court
Susan W. Minarchi Clerk of the Circuit Court
Mark R. Bissoon..... Commissioner of the Revenue
John L. Mahoney Commonwealth's Attorney
Anthony "Tony" Lippa Jr.. Sheriff
Elizabeth B. Curran..... Treasurer
Honorable Robert Eric Reibach Judge of the General District Court
Honorable Frank G. Uvanni..... Judge of the Juvenile and Domestic Relations Court
Honorable Georgia Sutton Judge of the Juvenile and Domestic Relations Court

COUNTY ADMINISTRATIVE OFFICERS

Charles M. Culley, Jr. County Administrator
Alan L. Partin Deputy County Administrator
Benjamin Emerson County Attorney
Tomeka C. Smith..... Finance Director
Jason Loftus Fire - EMS Chief
Donnell Howard Recreation Director
Joseph C. Schiebel..... Public Works / Public Utilities Director
Wendy Sneed Social Services Director
Gary R. Wilson..... Economic Development and Tourism Director
Michael Finchum Planning and Community Development Director
Megan Upshaw..... Library Director

SCHOOL BOARD

Dr. JoWanda Rollins-Fells, Chairperson

Nancy G. Carson
John I. Copeland

Shawn M. Kelley
George L. Spaulding, Jr.

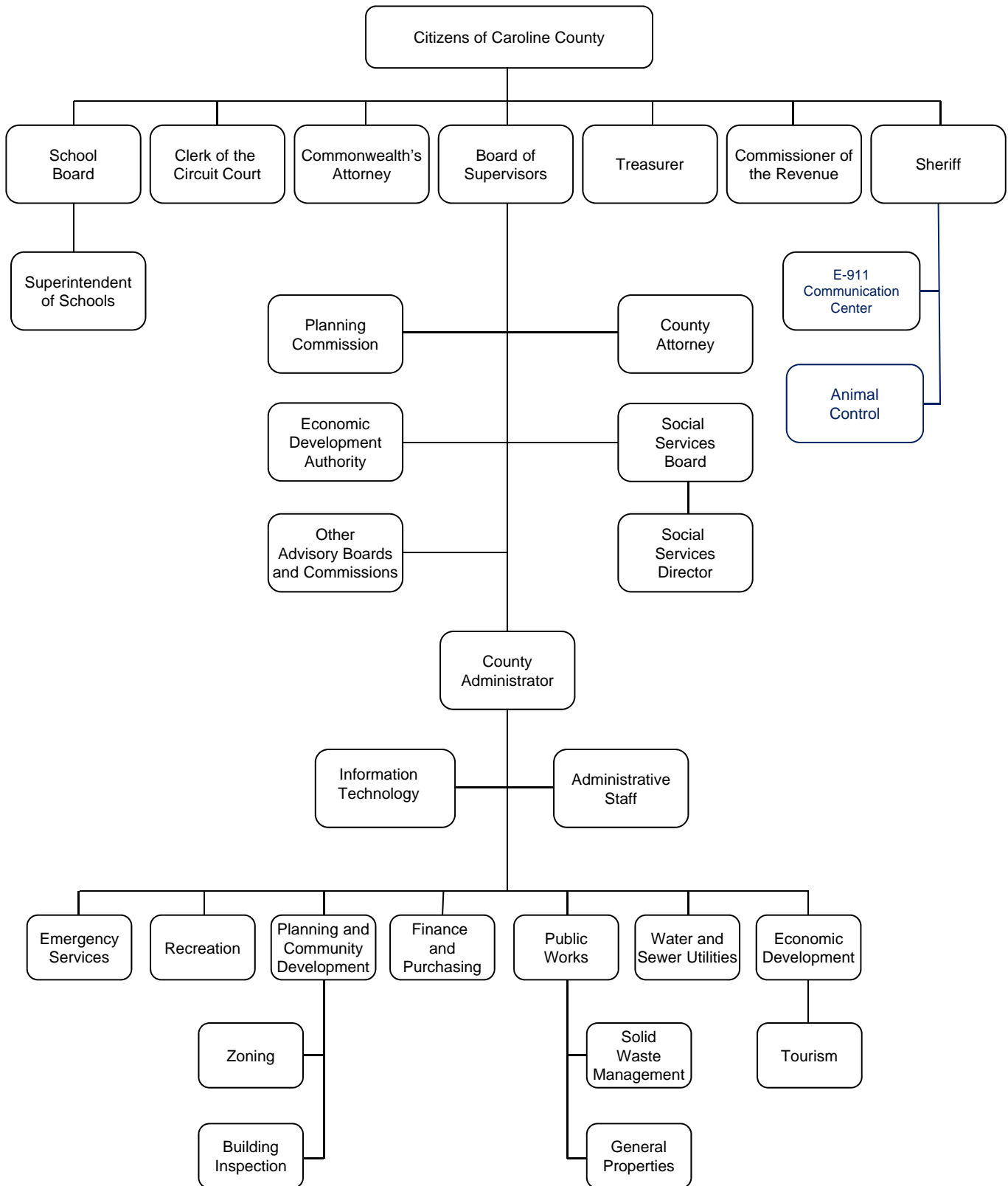
Calvin Taylor

SCHOOL BOARD ADMINISTRATIVE OFFICERS

Dr. Sarah B. Calveric Superintendent
Marcia Stevens Chief Operations Officer, Schools

COUNTY OF CAROLINE, VIRGINIA

ORGANIZATION CHART



Jeffrey S. Black
Western Caroline District

Clayton T. Forehand
Madison District

Nancy L. Long
Port Royal District

Jeffery M. Sili
Bowling Green District

Floyd W. Thomas
Mattaponi District

Reginald L. Underwood
Reedy Church District

Charles M. Culley, Jr.
County Administrator

Caroline County, Virginia

Board of Supervisors



Caroline County, VA



December 10, 2021

To the Honorable Members of the Board of Supervisors and the Citizens of Caroline County, Virginia

The Annual Comprehensive Financial Report of the County of Caroline, Virginia as of and for the fiscal year ended June 30, 2021 is herewith submitted. Section 15.2-2511 of the *Code of Virginia* essentially requires all localities to produce an independently audited financial report and this Annual Comprehensive Financial Report is provided to meet that requirement. It has been prepared by the County Department of Finance to conform with standards of financial reporting promulgated by the Governmental Accounting Standards Board (GASB), the Government Finance Officers Association of the United States and Canada (GFOA), and the Commonwealth of Virginia Auditor of Public Accounts.

Responsibility for the completeness and reliability of all of the information presented in this report rests with Caroline County management. In order to take meaningful responsibility, County management must have reasonable assurance the underlying financial information on which the report is based is also accurate and reliable. To that end, County management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

It would be irresponsible for any financial statement user to rely on management's representations in the financial statements without some objective review and confirmation. To provide that objective confirmation, Caroline County's financial statements have been audited by Robinson, Farmer, Cox Associates, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance the financial

Committed To Service, Dedicated To The People"

212 North Main Street, P. O. Box 447, Bowling Green, Virginia 22427

(804)633-5380 – Telephone (804)633-4970 – Fax

www.co.caroline.va.us

statements of the County for the fiscal year ended June 30, 2021 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2021 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Caroline County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available at the back of this Annual Comprehensive Financial Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Caroline County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Caroline County was formed in 1728 by action of the Virginia House of Burgesses and is currently one of 95 counties in the Commonwealth of Virginia. Policy-making and legislative authority are vested in a six member Board of Supervisors which is elected by District. The Board of Supervisors is responsible, among other things, for providing overall policy direction for the County government, passing ordinances, adopting the budget, appointing committees, and hiring both a County Administrator and County Attorney. The County Administrator is responsible for carrying out the policies and ordinances of the governing Board, for overseeing the day-to-day operations of the government, and for appointing heads of the various departments. Other officials who play a major role in the County government's operation or in providing services are separately elected. These officials are: Clerk of the Circuit Court - court clerk and custodian of legal records; Commissioner of the Revenue - the tax assessment officer of the County; Commonwealth Attorney - criminal prosecution attorney for the County; Sheriff - chief law enforcement officer; and Treasurer - recipient and custodian of County funds.

This Annual Comprehensive Financial Report includes all funds and activities of Caroline County. The County is the primary provider of all local government services within its boundaries and provides a full range of those services. This includes law enforcement, fire protection and emergency medical response; the construction and maintenance of public buildings and other infrastructure; solid waste collection and disposal; recreation; and community and economic development.

Public education in the County is provided by the Caroline County School Board. Caroline County Public Schools is a separate legal entity from the County and the School Board is separately elected. However, the School Board has no independent revenue raising authority and must depend on the County for the local contribution required by the Virginia Constitution for the support of the public schools. As a result of this financial dependency, the funds and activities of the Caroline County School Board have been included in this financial report as a component unit in order to provide a comprehensive view of the County's financial status and activities. Information on the School Board has been presented in discrete columns in the financial statements to emphasize its separate legal identity.

Local Economy

Caroline County is located in east central Virginia and encompasses approximately 549 square miles with an estimated June 30, 2021 population of 30,887. The County seat, the Town of Bowling Green, is located approximately 35 miles north of the State capitol of Richmond and approximately 20 miles south of the City of Fredericksburg.

Historically, Caroline County has remained relatively insulated from the dramatic growth seen in the nearby northern Virginia area and remained primarily rural and residential. Its economy has been agriculturally based with a handful of small to medium size industrial businesses and limited commercial development focused along major highway corridors. Fort A. P. Hill, a 77,000 acre undeveloped military training installation, entirely within the County's borders, also dominates the landscape. The County's population density of 55 persons per square mile compared to densities of well over 200 per square mile in counties just to the north and south and the Virginia average of 202.6 confirm this perspective.

In past years, its location along Interstate 95, the primary north-south transportation artery on the east coast, and increasing congestion in neighboring counties brought extensive development interest to the County. Three mixed use development projects continue to be underway to add nearly 10,000 new homes to the County over a 25-year period along with a variety of commercial, recreational and other uses. The growth in population is expected to bring with it an expansion in retail and other non-residential development.

The decision by the State Fair of Virginia to relocate to Caroline County in 2009 helped raise the County's profile. McKesson Corporation built a large distribution center in Caroline County. In 2020, M.C. Dean, an electronics fabricator in Carmel Church, expanded their operations by 90,000 sf and added dozens of technology jobs and have completed an additional 84,000 sf building in 2021.

A retail development has successfully been recruited and rezoned on North Rt. 639. The six-acre development is a beginning for what may be significant growth along Ladysmith Road in anticipation of the widening of that road into a commercial corridor. Retail development on the South side of Rt. 639 continues to progress. Tractor Supply was recruited in 2020 to be located on Rt. 1, North of the intersection with Rt. 639. The County facilitated the investment with utility extensions that not only facilitated Tractor Supply, but also opened up an additional 40 acres for future site development.

Flint Development was recruited in 2021 with plans to build a 1.1million sf building in Carmel Church. In addition, Panattoni Development is planning to close soon on a property in Ladysmith to build over 1 million sf, while DSC developers are buying 188 acres to build a 1.5 million sf building in Ladysmith.

Also in 2021, VAMAC has purchased land to build a 100,000 sf building in Carmel Church. An unnamed company has purchased 40,000 sf, the Boones Antique building to manufacture marble countertops.

Economic commitments and construction of Sheetz, Tractor Supply, VAMAC, and Flint totals approximately \$100m in investment creating a projected 700 jobs.

Major Projects/Initiatives

Building upgrades for Caroline County Public Schools to include CMS waterproofing to the exterior of the Annex, CHS restrooms at football field, fire alarms at LCES and School Board Office, and replacement of aging equipment totaling \$825,818.

The expenditure of \$215,291 and \$601,219 for Fire/EMS to replace aging equipment.

The expenditure of \$196,630 for Utility equipment to replace aging units.

VDOT payment for the Smartscale RT 639 project was made in the amount of \$2,449,999.50.

Expenditures totaling \$5,280,864 were spent from CARES Act and American Rescue Plan Act funding for various needs to mitigate and stop the spread of COVID-19; of this, \$1,005,052 was transferred to schools and \$1,814,238 was used to cover public safety salaries.

Due to the COVID-19 pandemic of 2020/2021, most major projects were halted for COVID-19 preparedness and mitigation. The County's priority shifted to that the safety of the County's citizens and employees.

Other Information

The following is provided to supplement the information provided in the financial statements and to assist those with an interest in the financial affairs of the County.

Risk Management: An active risk management program is essential for the County to protect itself from the many risks of loss it faces in providing services to the public. Risks of property damage, general and auto liability, and workers' injury compensation are covered through premium contributions to an insurance pool operated by the Virginia Association of Counties Group Self-Insurance Risk Pool (VACORP). The County works extensively with representatives of VACORP to identify loss trends and take corrective action to reduce claims. The County has also strengthened its emergency response planning to protect County resources and the public in the event of natural or man-made disasters.

Pension and Other Employment Benefits: Pension benefits for County employees are provided through participation in the Virginia Retirement System (VRS), a State-wide pension system for government employees. Bi-annually, VRS actuaries prepare contribution calculations for each local government participating in the system. The County fully funds its required contributions.

The County provides and makes contributions toward a self-funded group health insurance plan for its employees. Premium rates are negotiated annually with a third party insurance administrator and County contribution policies are set based on claims history and to a lesser extent, percentage of premiums contributed by surrounding counties. Retired employees are given the option of continuing their coverage under the County's group plan following termination, but the County makes no contribution toward their premiums.

In closing, we would like to thank the many members of the County staff who assisted in the preparation of this report. Finally, and most particularly, we would like to thank the Board of Supervisors for their interest in and commitment to keeping the County on a solid financial foundation.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Cm Culley", with a stylized flourish at the end.

CHARLES M. CULLEY, JR.
County Administrator

A handwritten signature in blue ink, appearing to read "Tomeka C. Smith", with a stylized flourish at the end.

TOMEKA C. SMITH
Finance Director



Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Caroline
Caroline, Virginia**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the School Activity Funds, which represents 4.92% of the total assets of the County of Caroline, Virginia discretely presented component units and 0.72% of the revenues of the County of Caroline, Virginia discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the School Activity Funds, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on the audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 21 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Restatement of Beginning Balance

As described in Note 23 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to pension and OPEB funding on pages 4-12, and 112-114, and 115-135 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise County of Caroline, Virginia's basic financial statements. The introductory section, other supplementary information, and other statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Supplementary and Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of other auditors, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and other statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2021, on our consideration of County of Caroline, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Caroline, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Caroline, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 30, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Caroline County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Caroline County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

Government-Wide Financial Statements

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$45,530,959 (Total Net Position). The County is reporting a surplus in investment in capital assets, net of related debt of \$341,179. A deficit in the investment in capital assets, net of related debt of \$7,198,952 is in Governmental Activities.
- The County's total net position increased by \$6,800,739, or 1.8%, in the fiscal year ended June 30, 2021.
- The County's total outstanding long-term debt reflects a net increase of \$27,882,839 to \$145,475,103 during the fiscal year ended June 30, 2021.

Fund Financial Statements

- Total fund balance of the County's Governmental Funds, reporting on a current financial resources basis, amounted to \$42,459,486 at June 30, 2021. This was a net increase of \$15,381,641 over the prior year. The General Fund increased 24.3%, \$5,580,387 and the Capital Projects Fund decreased 1.8%, \$38,727. The increase for the General Fund is due to several factors; to include one-time monies from CARES Act that were used to cover public safety salaries, a tax increase for FY 2021-2022 which was instituted in June 2021, and major project initiatives and expenditures being cut due to COVID 19 restrictions and cautionary measures.
- During the fiscal year ended June 30, 2021, the unassigned fund balance in the General Fund increased by \$5,882,831 to \$22,963,802. This fund balance represents 46.7% of total General Fund expenditures and operating transfers, an increase of 15% over the previous fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Caroline County's basic financial statements. The Caroline County's basic financial statements comprise three components: 1) Government-wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements. The *Government-Wide Financial Statements* are designed to provide readers with a broad overview of Caroline County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Caroline County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Caroline County is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Caroline County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Caroline County include general government, judicial support, public safety, sanitation, public facility maintenance, social services, education, community development, and culture and recreation. The business-type activities of Caroline County include the Caroline County Utility Fund, a public water and sewer utility, and the Dawn Wastewater System Fund, a public sewer utility.

The government-wide financial statements include not only Caroline County itself (known as the primary government), but also two legally separate component units, the school division for which Caroline County is financially accountable and the Economic Development Authority. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Caroline County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Caroline County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions, reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information can be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact

of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Caroline County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, the Debt Service Fund, the Social Services Fund and the Proffers Fund, all of which are considered to be major funds. Data from the other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Caroline County adopts an annual appropriated budget for all of its governmental funds. A budgetary comparison statement has been provided as part of the Required Supplementary Information in the Financial Section of this report to demonstrate compliance with this budget. Budgetary comparison statements for other governmental funds are also provided as Other Supplementary Information in the Financial Section of this report.

Proprietary funds. Caroline County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Caroline County uses enterprise funds to account for its Water and Sewer Utility and for the Dawn Wastewater System. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among Caroline County's various functions. Caroline County uses internal service funds to account for vehicle maintenance services and health insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

The Proprietary fund statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Utility, the Dawn Wastewater System, the Vehicle Maintenance Internal Service Fund and the Self-Insurance Fund.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Caroline County's own programs. The two types of fiduciary funds are trust and custodial funds. The County's only fiduciary funds are custodial funds, which are used to account for resources held for the benefit of parties outside the County. The County's three custodial funds are: Special Welfare, Four Rivers Technology in Education Consortium, and Deposit Escrow.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. Following the basic financial statements and accompanying notes, this report also presents the combining financial statements referred to earlier in connection with non-major governmental funds and individual budgetary comparison statements for governmental funds except the General Fund. Combining financial statements and fund budgetary comparisons are also presented for the discretely presented Caroline County School Division and the Economic Development Authority. The School Division and the EDA do not issue separate annual financial reports.

Government-Wide Financial Analysis

As noted earlier, net position indicates the amount by which the County's total assets exceed its short and long term obligations and is a useful indicator of the County's overall financial condition at the time of measurement. In total, the County's net position for all governmental and business-type activities amounted to \$45,540,671 at June 30, 2021. The following table summarizes the County's Statement of Net Assets:

County of Caroline, Virginia Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$74,725,024	\$59,145,966	\$24,211,071	\$2,290,254	\$98,926,382	\$61,436,220
Capital assets	<u>72,698,627</u>	<u>74,729,231</u>	<u>41,618,129</u>	<u>42,832,790</u>	<u>114,316,756</u>	<u>117,562,021</u>
Total assets	<u>\$147,423,651</u>	<u>\$133,875,197</u>	<u>\$65,829,200</u>	<u>\$45,123,044</u>	<u>\$213,243,138</u>	<u>\$178,998,241</u>
Deferred outflows of resources	<u>\$3,911,684</u>	<u>\$2,907,020</u>	<u>\$1,028,578</u>	<u>\$1,110,663</u>	<u>\$4,940,262</u>	<u>\$4,017,683</u>
Current liabilities	\$5,951,850	\$6,516,539	\$803,585	\$697,812	\$6,755,435	\$7,214,351
Long-term liabilities outstanding	<u>88,317,627</u>	<u>81,193,478</u>	<u>57,157,476</u>	<u>36,398,786</u>	<u>145,475,103</u>	<u>117,592,264</u>
Total liabilities	<u>\$94,269,477</u>	<u>\$87,710,017</u>	<u>\$57,961,061</u>	<u>\$37,096,598</u>	<u>\$152,230,538</u>	<u>\$124,806,615</u>
Deferred inflow of resources	<u>\$20,400,495</u>	<u>\$19,403,143</u>	<u>\$21,408</u>	<u>\$75,946</u>	<u>\$20,421,903</u>	<u>\$19,479,089</u>
Net position:						
Net investment in						
capital assets	<u>(\$7,198,952)</u>	\$455,769	\$7,540,131	\$7,639,696	\$341,179	\$8,095,465
Restricted	5,710,437	5,547,780	1,669,180	1,665,793	7,379,617	7,213,573
Unrestricted	<u>38,144,165</u>	<u>23,665,508</u>	<u>(334,002)</u>	<u>(244,326)</u>	<u>37,810,163</u>	<u>23,421,182</u>
Total Net Position	<u>\$36,655,650</u>	<u>\$29,669,057</u>	<u>\$8,875,309</u>	<u>\$9,061,163</u>	<u>\$45,530,959</u>	<u>\$38,730,220</u>

The County is reporting a decrease in the balance of unrestricted net position primarily due to the decrease in capital assets and the increase to long term debt. A portion of the County's assets, \$7,379,617 are subject to external restrictions on their use. These assets are primarily cash held for the payment of debt service or ongoing construction projects.

Restricted cash and investments held for the construction of capital assets are offset by related long term debt liabilities in calculating the County's net position.

The County's total balance of working capital, current and other assets minus current liabilities, increased from \$54,221,869 at June 30, 2020 to \$92,170,947. The County's investment in capital assets decreased by \$7,754,286 and its long term liabilities increased by \$27,882,839 over the same period.

As previously indicated, the County's net position increased \$6,800,739. Net position of governmental activities increased by \$6,986,593 and those of business-type activities, the County's water and sewer utility operations, decreased \$185,854. The following table summarizes the change in the County's net position as shown in the Statement of Activities:

County of Caroline, Virginia Changes in Net Position						
	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program Revenues						
Charges for Services	\$3,058,383	\$2,842,835	\$2,713,756	\$2,652,442	\$5,772,139	\$5,495,277
Operating Grants and Contributions	11,462,975	6,770,446	32,240	20,600	11,495,215	6,791,046
Capital Grants and Contributions	-	-	2,281,403	712,903	2,281,403	712,903
Total Program Revenues	\$14,521,358	\$9,613,281	\$5,027,399	\$3,385,945	\$19,548,757	\$12,999,226
General Revenues:						
General Property Taxes	\$39,488,191	\$37,932,539	\$-	\$-	\$39,488,191	\$37,932,539
Local Sales and Use Taxes	3,209,281	2,855,615	-	-	3,209,281	2,855,615
Consumers Utility Taxes	90,440	86,655	-	-	90,440	86,655
Motor Vehicle Licenses	1,125,933	1,050,059	-	-	1,125,933	1,050,059
Other Local Taxes	3,435,517	3,239,298	-	-	3,435,517	3,239,298
Intergovernmental Revenues-State	4,032,968	4,304,765	-	-	4,032,968	4,304,765
Use of Money and Property	190,916	488,630	6,181	25,668	197,097	514,298
Miscellaneous	686,745	613,810	197,942	329,242	884,687	943,052
Transfers	(641,069)	(2,593,776)	641,069	2,593,776	-	-
Total General Revenues	\$51,618,922	\$47,977,595	\$845,192	\$2,948,686	\$52,464,114	\$50,926,281
Expenses:						
General Government						
Administration	\$4,993,074	\$3,502,255	\$-	\$-	\$4,993,074	\$3,502,255
Judicial Administration	1,661,581	1,572,855	-	-	1,661,581	1,572,855
Public Safety	17,181,124	15,897,121	-	-	17,181,124	15,897,121
Public Works	7,382,117	5,738,632	-	-	7,382,117	5,738,632
Health and Welfare	5,150,285	4,738,640	-	-	5,150,285	4,738,640
Education	16,849,876	17,947,984	-	-	16,849,876	17,947,984
Parks, Recreation, and Cultural	1,067,016	1,041,192	-	-	1,067,016	1,041,192
Community Development	1,507,667	1,380,500	-	-	1,507,667	1,380,500
Interest and Other fiscal Charges	3,360,947	2,814,222	-	-	3,360,947	2,814,222

County of Caroline, Virginia Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Expenses: (Continued)						
Water and Sewer Utilities	\$-	\$-	\$6,058,445	\$5,422,786	\$6,058,445	\$5,422,786
Total Expenses	\$59,153,687	\$54,633,401	\$6,058,445	\$5,422,786	\$65,212,132	\$60,056,187
Change in Net Position	\$6,986,593	\$2,957,475	(\$185,854)	\$911,845	\$6,800,739	\$3,869,320
Net Position, Beginning	29,669,057	26,711,582	9,061,163	8,149,318	38,730,220	34,860,900
Net Position, Ending	\$36,655,650	\$29,669,057	\$8,875,309	\$9,061,163	\$45,530,959	\$38,730,220

Expenditures in the County's governmental activities increased 8.6% over the prior year with expenditures increasing in most functions. Education again consumed the largest share of the total combined expenditures of the primary County government and its component units during the fiscal year ended June 30, 2021 at 43.4% of the total, which is 0.7% less than the previous year. Public safety spending represents the largest share of the Primary Government at 26.4%. Program revenues, which include fees, charges and special purpose grants and contributions, funded 23.8% of total functional expenditures of the Primary Government in fiscal year 2021, an increased level as compared to fiscal year 2020. General property tax revenues increased 4.1% over the prior year and total general revenues for the County's governmental activities increased 15.9%. In the County's business type activities, expenditures increased 11.6% and program revenues increased 47.5% from the prior year. The County's water and sewer utility operations realized a loss in the current fiscal year and is continuing to prepare for a period of moderate growth sometime in the future. It should again be noted that these expenses are on a full accrual basis and, therefore, include depreciation expense on capital assets.

Financial Analysis of the County's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance related legal requirements and for public accountability.

Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of available resources. By analyzing the sources and uses of funds, the differences between the two, and changes in balances over time, such information can be useful in assessing the County's financial needs. In particular, unreserved fund balance is important as a measure of the net resources available for financing future expenditures.

In total, governmental funds reported fund balances of \$42,459,486 at June 30, 2021, \$5,710,437 of that balance is reserved by external restrictions, \$13,785,247 is nonspendable, committed or assigned and the remaining \$22,963,802 is unassigned. Fund balances in the governmental funds increased \$15,381,641 during the fiscal year ended June 30, 2021. Fund balance in the General Fund increased by \$5,580,387.

A decrease of \$38,727 was realized in the fund balance of the Capital Projects Fund due to completion of projects funded by transfer from prior years.

In the General Fund, fund balance increased to \$28,580,636, a 24.3% increase over the prior year. Revenues have increased from \$52,129,022 to \$54,734,196, general property taxes remain the primary revenue source in the General Fund contributing 72.0% of the total revenues during fiscal year 2021, the same as the prior year. Intergovernmental revenue from the Commonwealth of Virginia decreased slightly to 10.6%, from 10.8% and the share added by other local taxes increased from 10.3% to 10.9% compared to last year. Education accounted for largest share of the General Fund's expenditures (33.2%). Public Safety (30.9%) and Public Works (15.1%) also accounted for substantial shares of the expenditures in the Fund.

Proprietary Funds. The proprietary funds provide the same type of information found in the business-type activities sections of the government-wide financial statements, but in more detail.

The largest of the County's enterprise operations, the County Public Utility Fund had a net position of \$5,724,619 at June 30, 2021, a decrease over the previous year. The County has made significant investments in the utility system over the last ten plus years that have not yet been fully recovered through revenues in the fund. The County's main utility fund reported a net operating loss for the fiscal year ended June 30, 2021 of \$1,329,701, a 45.6% increase over last fiscal year due to a 2.4% decrease in revenues and a 9.1% increase in expenditures. The Dawn Wastewater System reported a net operating loss of \$144,624, a 32.9% decrease from last fiscal year. This year was the thirteenth full year of operation for the Dawn system and the twelfth full year of depreciation.

General Fund Budgetary Highlights

The original adopted budget of the General Fund was increased by 1.5% or \$772,204. Following is a partial summary of these increases/reductions by function:

- \$ 708,568 for General Government Administration
- \$ 67,619 for Judicial Administration
- \$ 143,846 for Public Safety
- \$ 2,866,131 for Public Works
- \$ 50 for Health and Welfare
- \$ 37,314 for Parks, Recreation and Cultural
- \$ (487,531) for Community Development
- \$ (2,563,793) for Transfers out to Other Funds

Actual revenue collections were \$3,484,417 greater than the final budget estimates. Increased collection efforts and an adopted FY 22 increase to real estate tax rates contributed to the increase in general property taxes.

Actual expenditures totaled \$5,749,748 less than the amended budget appropriations, a variance of 12.2%.

Capital Assets and Debt Administration

Capital Assets. The County's total investment in capital assets for governmental and business-type activities amounted to \$114,316,756 as of June 30, 2021, net of accumulated depreciation. This investment in capital assets includes land, buildings, property improvements, machinery and equipment, vehicles and utility improvements. It should be noted that this investment value is based on historical cost and is not reflective of the current market value of these assets.

Major capital improvement projects for the year included:

- \$ 2,450,000 for the final payment to VDOT for the County's share of the cost of the Route 639 (Ladysmith Road) Widening Project
- \$ 671,973 for replacement vehicles for aging units
- \$ 226,833 for upgrade to generators at Sheriff's Office and 911 Dispatch Center
- \$ 215,291 for replacement of an ambulance for Fire/Rescue
- \$ 196,630 for replacement of Mack Truck for Utilities

Long-Term Debt. At June 30, 2021, the County's total long-term debt amounted to \$145,475,103. This total is comprised of:

- \$22,356,335 in lease revenue bonds issued through the County's Economic Development Authority for a variety of general government, school and business-type activity improvements and equipment acquisitions.
- \$52,275,921 in utility system revenue bonds for the improvement and expansion of the County's utility enterprise operations and landfill closure.
- \$45,489,102 in general obligation bonds issued for the construction and improvement of County public schools.
- \$4,737,287 in capital lease obligations for general government and business type radio and motor vehicle equipment.
- \$3,319,697 as the County's liability for closure and post-closure care of the former County Sanitary Landfill.
- \$17,296,761 in unamortized premiums, net OPEB liabilities, and compensated absences for general government and business-type activities.

Economic Factors and Next Year's Budget and Tax Rates

- The population of Caroline County, based on the 2020 census has grown to an estimated 30,887.
- The County completed a real property reassessment to be effective January 2021 to be sure its values for tax purposes are in line with market values. Growth had pushed assessed values up for the January 2008 reassessment to almost \$3 billion, but the housing market crash had dropped values for 2011 by an estimated 18%. Growth in the County had continued to be low until this year, when the total assessed value of real property, excluding additional assessments due to new construction or improvements to property, exceeded last year's total assessed value of real property by 19% percent.
- The unemployment rate for the County has decreased from 8.8% to 5.0% due to the nation's COVID-19 pandemic.

- The burst of population growth the County had experienced several years ago has slowed dramatically as the nation-wide turnaround in real estate markets and recession has had an impact. However, the recent surge of building after COVID -19 has brought our population growth back to those historical times. After issuing a total of 318 residential building permits in the fiscal year ended June 30, 2007, the County building inspection division issued 140 in the fiscal year ended June 30, 2020 which was an increase of 39 permits over the fiscal year ended June 30, 2019. However, in the fiscal year ended June 30, 2021, the County issued 321 residential building permits, exceeded the fiscal year 2007 numbers by 3 permits. The County had issued 3 commercial development permits in fiscal years June 30, 2019 and 2020, 4 were issued in the fiscal year ended June 30, 2021.

These and many other factors were considered in preparing the County's budget for fiscal year 2022. The total adopted General Fund budget for FY 2022 is \$55,363,096, a \$137,405 or 0.2% decrease over the FY 2021 budget. The General Fund is the primary fund for most County operations. The decrease in the General Fund includes a reduction of \$2,450,000 for the final payment to VDOT for the County's share of the cost of the Route 639 (Ladysmith Road) Widening Project and increase in expenditures, to include a 5% pay raise and implementation of a new public safety pay plan. The adopted real estate rate for calendar year 2022 increased from an equalized rate of \$0.69 to \$0.77 per hundred dollars of assessed value. Revenues were increased for the first payment in the calendar year as that was collected in June 2021 during FY 2021. Personal property tax rates remained at \$3.80.

Requests for Information

This financial report is designed to provide a general overview of the County of Caroline, Virginia's finances for all those who may have an interest in the County's financial condition and prospects. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director, Caroline County, Post Office Box 447, 212 N. Main Street, Bowling Green, Virginia 22427.

Statement of Net Position
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 31,045,132	\$ 250,840	\$ 31,295,972	\$ 3,151,726	\$ 70,937
Receivables (net of allowance for uncollectibles):					
Taxes receivable	25,987,714	-	25,987,714	-	-
Accounts receivable	523,718	320,677	844,395	310	-
Due from other governmental units	2,950,997	8,551	2,959,548	1,988,842	-
Inventories	68,583	-	68,583	-	-
Restricted cash and investments	14,139,167	23,631,003	37,770,170	1,488,220	-
Other assets:					
Land deposit	-	-	-	-	1,000
Capital assets (net of accumulated depreciation):					
Land	1,296,783	711,986	2,008,769	849,553	-
Buildings	55,169,294	916,511	56,085,805	2,941,609	-
Improvements other than buildings	4,814,799	38,524,081	43,338,880	799,409	-
Equipment	9,931,416	592,422	10,523,838	4,138,715	-
Intangibles	113,633	-	113,633	-	-
Construction in progress	1,372,702	873,129	2,245,831	288,516	-
Total assets	\$ 147,413,938	\$ 65,829,200	\$ 213,243,138	\$ 15,646,900	\$ 71,937
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charges on refunding	\$ 63,050	\$ 726,639	\$ 789,689	\$ -	\$ -
Pension related items	3,164,267	247,633	3,411,900	9,161,386	-
OPEB related items	684,367	54,306	738,673	2,698,055	-
Total deferred outflows of resources	\$ 3,911,684	\$ 1,028,578	\$ 4,940,262	\$ 11,859,441	\$ -
LIABILITIES					
Accounts payable	\$ 843,976	\$ 243,939	\$ 1,087,915	\$ 1,522,900	\$ -
Accrued payroll	415,160	24,867	440,027	2,143,373	-
Other accrued liabilities	166,007	15,880	181,887	-	-
Customer deposits	-	200,348	200,348	-	-
Unearned revenue - grant	-	958	958	-	-
Accrued interest payable	998,945	317,593	1,316,538	16,802	-
Insurance and benefits claims	155,194	-	155,194	-	-
Unearned revenue	3,372,568	-	3,372,568	171,276	-
Long-term liabilities:					
Due within one year	5,645,923	1,469,249	7,115,172	271,050	-
Due in more than one year	82,671,704	55,688,227	138,359,931	53,514,636	-
Total liabilities	\$ 94,269,477	\$ 57,961,061	\$ 152,230,538	\$ 57,640,037	\$ -
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 20,082,758	\$ -	\$ 20,082,758	\$ -	\$ -
Pension related items	32,400	2,165	34,565	3,457,704	-
OPEB related items	285,337	19,243	304,580	439,108	-
Total deferred inflows of resources	\$ 20,400,495	\$ 21,408	\$ 20,421,903	\$ 3,896,812	\$ -

Statement of Net Position

June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
NET POSITION					
Net investment in capital assets	\$ (7,198,952)	\$ 7,540,131	\$ 341,179	\$ 7,935,149	\$ -
Restricted:					
Capital projects	2,091,090	1,669,180	3,760,270	-	-
Debt service	1,847,361	-	1,847,361	-	-
Social services	32,803	-	32,803	-	-
Law enforcement	1,000	-	1,000	-	-
Public safety grants	321,898	-	321,898	-	-
Fire/rescue	2,000	-	2,000	-	-
Fire/rescue grants	264,805	-	264,805	-	-
Housing	20,972	-	20,972	-	-
Courthouse maintenance	39,303	-	39,303	-	-
Law library	1,452	-	1,452	-	-
Tourism	140,051	-	140,051	-	-
Ladysmith Commons road improvements	37,499	-	37,499	-	-
Ladysmith library	365,327	-	365,327	-	-
Ladysmith recreation	163,606	-	163,606	-	-
Dawn library	5,412	-	5,412	-	-
Route 639 construction	275,000	-	275,000	-	-
Children's services	100,858	-	100,858	-	-
Unrestricted	38,144,165	(334,002)	37,810,163	(41,965,657)	71,937
Total net position	\$ 36,655,650	\$ 8,875,309	\$ 45,530,959	\$ (34,030,508)	\$ 71,937

The notes to the financial statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 4,993,074	\$ -	\$ 1,546,000	\$ -
Judicial administration	1,661,581	317,797	652,585	-
Public safety	17,181,124	2,636,719	4,678,661	-
Public works	7,382,117	67,142	895,836	-
Health and welfare	5,150,285	-	3,537,245	-
Education	16,849,876	-	-	-
Parks, recreation, and cultural	1,067,016	36,725	8,274	-
Community development	1,507,667	-	144,374	-
Interest on long-term debt	3,360,947	-	-	-
Total governmental activities	\$ 59,153,687	\$ 3,058,383	\$ 11,462,975	\$ -
Business-type activities:				
Public utilities	\$ 6,058,445	\$ 2,713,756	\$ 32,240	\$ 2,281,403
Total business-type activities	\$ 6,058,445	\$ 2,713,756	\$ 32,240	\$ 2,281,403
Total primary government	\$ 65,212,132	\$ 5,772,139	\$ 11,495,215	\$ 2,281,403
COMPONENT UNITS:				
School Board	\$ 52,137,484	\$ 26,796	\$ 32,957,242	\$ -
Economic Development Authority	380,815	-	380,000	-
Total component units	\$ 52,518,299	\$ 26,796	\$ 33,337,242	\$ -
General revenues and transfers:				
General property taxes				
Local sales and use tax				
Consumer utility				
Motor vehicle licenses and registration fees				
Business license taxes				
Meals tax				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Caroline County				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning, as restated				
Net position - ending				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (3,447,074)	\$ -	\$ (3,447,074)	\$ -	\$ -
(691,199)	-	(691,199)	-	-
(9,865,744)	-	(9,865,744)	-	-
(6,419,139)	-	(6,419,139)	-	-
(1,613,040)	-	(1,613,040)	-	-
(16,849,876)	-	(16,849,876)	-	-
(1,022,017)	-	(1,022,017)	-	-
(1,363,293)	-	(1,363,293)	-	-
(3,360,947)	-	(3,360,947)	-	-
<u>\$ (44,632,329)</u>	<u>\$ -</u>	<u>\$ (44,632,329)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (1,031,046)</u>	<u>\$ (1,031,046)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ (1,031,046)</u>	<u>\$ (1,031,046)</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ (44,632,329)</u>	<u>\$ (1,031,046)</u>	<u>\$ (45,663,375)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (19,153,446)	\$ -
-	-	-	-	(815)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (19,153,446)</u>	<u>\$ (815)</u>
\$ 39,488,191	\$ -	\$ 39,488,191	\$ -	\$ -
3,209,281	-	3,209,281	-	-
90,440	-	90,440	-	-
1,125,933	-	1,125,933	-	-
880,612	-	880,612	-	-
1,168,218	-	1,168,218	-	-
1,386,687	-	1,386,687	-	-
190,916	6,181	197,097	35,285	31
686,745	197,942	884,687	745,023	-
4,032,968	-	4,032,968	-	-
-	-	-	16,688,792	-
(641,069)	641,069	-	-	-
<u>\$ 51,618,922</u>	<u>\$ 845,192</u>	<u>\$ 52,464,114</u>	<u>\$ 17,469,100</u>	<u>\$ 31</u>
<u>\$ 6,986,593</u>	<u>\$ (185,854)</u>	<u>\$ 6,800,739</u>	<u>\$ (1,684,346)</u>	<u>\$ (784)</u>
<u>29,669,057</u>	<u>9,061,163</u>	<u>38,730,220</u>	<u>(32,346,162)</u>	<u>72,721</u>
<u>\$ 36,655,650</u>	<u>\$ 8,875,309</u>	<u>\$ 45,530,959</u>	<u>\$ (34,030,508)</u>	<u>\$ 71,937</u>

COUNTY OF CAROLINE, VIRGINIA

Balance Sheet
Governmental Funds
June 30, 2021

	General	Debt Service	County Capital Projects
ASSETS			
Cash and cash equivalents	\$ 22,574,128	\$ 2,461,790	\$ -
Receivables (net of allowance for uncollectibles):			
Taxes receivable	25,987,714	-	-
Accounts receivable	244,111	211,117	-
Due from other governmental units	2,541,046	-	-
Due from other funds	3,012,304	-	-
Prepaid expense	68,583	-	-
Restricted cash and investments	1,679,777	6,508,630	5,950,760
Total assets	<u>\$ 56,107,663</u>	<u>\$ 9,181,537</u>	<u>\$ 5,950,760</u>
LIABILITIES			
Accounts payable	\$ 679,649	\$ 367	\$ 30,582
Accrued payroll	391,638	-	-
Reconciled overdraft payable	-	-	819,642
Other accrued liabilities	145,630	-	-
Due to other funds	-	-	3,009,446
Unearned revenue	500,000	-	-
Total liabilities	<u>\$ 1,716,917</u>	<u>\$ 367</u>	<u>\$ 3,859,670</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	\$ 25,810,110	\$ -	\$ -
Total deferred inflows of resources	<u>\$ 25,810,110</u>	<u>\$ -</u>	<u>\$ -</u>
FUND BALANCES			
Nonspendable	\$ 68,583	\$ -	\$ -
Restricted	1,847,361	-	2,091,090
Committed	693,886	-	-
Assigned	3,007,004	9,181,170	-
Unassigned	22,963,802	-	-
Total fund balances	<u>\$ 28,580,636</u>	<u>\$ 9,181,170</u>	<u>\$ 2,091,090</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 56,107,663</u>	<u>\$ 9,181,537</u>	<u>\$ 5,950,760</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 3

<u>Proffers</u>	<u>Virginia Public Assistance</u>	<u>Other Governmental Funds</u>	<u>Total</u>
\$ 1,031,430	\$ -	\$ 4,146,564	\$ 30,213,912
-	-	-	25,987,714
-	-	68,490	523,718
-	206,353	203,598	2,950,997
-	-	-	3,012,304
-	-	-	68,583
-	-	-	14,139,167
<u>\$ 1,031,430</u>	<u>\$ 206,353</u>	<u>\$ 4,418,652</u>	<u>\$ 76,896,395</u>
\$ -	\$ 14,612	\$ 118,766	\$ 843,976
-	20,075	3,447	415,160
-	-	-	819,642
-	18,016	2,361	166,007
-	-	-	3,009,446
-	-	2,872,568	3,372,568
<u>\$ -</u>	<u>\$ 52,703</u>	<u>\$ 2,997,142</u>	<u>\$ 8,626,799</u>
\$ -	\$ -	\$ -	\$ 25,810,110
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,810,110</u>
\$ -	\$ -	\$ -	\$ 68,583
849,844	32,803	889,339	5,710,437
-	-	532,171	1,226,057
181,586	120,847	-	12,490,607
-	-	-	22,963,802
<u>\$ 1,031,430</u>	<u>\$ 153,650</u>	<u>\$ 1,421,510</u>	<u>\$ 42,459,486</u>
<u>\$ 1,031,430</u>	<u>\$ 206,353</u>	<u>\$ 4,418,652</u>	<u>\$ 76,896,395</u>

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2021

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	42,459,486
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Capital assets, cost	\$	122,471,146	
Accumulated depreciation		<u>(49,772,519)</u>	72,698,627

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.

Unavailable revenue - property taxes	\$	<u>5,727,352</u>	5,727,352
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Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.

Deferred charge on refunding	\$	63,050	
Pension related items		3,164,267	
OPEB related items		<u>684,367</u>	3,911,684

Internal service funds are used by management to charge the cost of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

1,492,810

Long-term liabilities and related assets, including bonds payable. Bonds payable are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds payable, including unamortized premiums	\$	(75,223,342)	
Capital leases		(4,737,287)	
Landfill postclosure cost		(3,319,697)	
Accrued interest payable		(998,945)	
Net pension liability		(1,392,989)	
Net OPEB liabilities		(2,569,340)	
Compensated absences		<u>(1,074,972)</u>	(89,316,572)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$	(32,400)	
OPEB related items		<u>(285,337)</u>	<u>(317,737)</u>

Net position of governmental activities	\$	<u><u>36,655,650</u></u>
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The notes to the financial statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Debt Service	County Capital Projects
REVENUES			
General property taxes	\$ 39,368,959	\$ -	\$ -
Other local taxes	5,983,821	1,723,156	-
Permits, privilege fees, and regulatory licenses	920,108	-	-
Fines and forfeitures	151,485	-	-
Revenue from the use of money and property	70,368	112,866	3,830
Charges for services	1,386,956	-	-
Miscellaneous	376,688	-	22,072
Recovered costs	657,475	-	-
Intergovernmental:			
Commonwealth	5,785,130	250,818	-
Federal	33,206	663,351	-
Total revenues	<u>\$ 54,734,196</u>	<u>\$ 2,750,191</u>	<u>\$ 25,902</u>
EXPENDITURES			
Current:			
General government administration	\$ 4,073,730	\$ -	\$ -
Judicial administration	1,400,575	-	-
Public safety	12,784,507	-	-
Public works	6,233,295	-	-
Health and welfare	523,402	-	-
Education	13,711,057	84,636	-
Parks, recreation, and cultural	917,997	-	-
Community development	1,688,903	-	-
Capital outlay	-	-	2,253,181
Debt service:			
Principal retirement	-	5,335,491	-
Interest and other fiscal charges	-	3,125,570	-
Bond issuance costs	-	545,960	-
Total expenditures	<u>\$ 41,333,466</u>	<u>\$ 9,091,657</u>	<u>\$ 2,253,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 13,400,730</u>	<u>\$ (6,341,466)</u>	<u>\$ (2,227,279)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 15,323	\$ 6,037,698	\$ 243,900
Transfers out	(7,835,666)	-	-
Issuance of refunding bonds	-	17,990,000	-
Issuance of capital lease	-	-	1,944,652
Bond issuance premium	-	4,559,048	-
Issuance of lease revenue bonds	-	7,965,000	-
Payment to refunded bond escrow agent	-	(21,182,870)	-
Total other financing sources (uses)	<u>\$ (7,820,343)</u>	<u>\$ 15,368,876</u>	<u>\$ 2,188,552</u>
Net change in fund balances	\$ 5,580,387	\$ 9,027,410	\$ (38,727)
Fund balances - beginning	23,000,249	153,760	2,129,817
Fund balances - ending	<u>\$ 28,580,636</u>	<u>\$ 9,181,170</u>	<u>\$ 2,091,090</u>

The notes to the financial statements are an integral part of this statement.

Exhibit 5

Proffers	Virginia Public Assistance	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 39,368,959
-	-	154,194	7,861,171
-	-	-	920,108
-	-	-	151,485
729	-	3,123	190,916
-	-	599,834	1,986,790
273,113	4,862	10,010	686,745
-	-	-	657,475
-	767,992	1,368,391	8,172,331
-	1,649,613	4,977,442	7,323,612
\$ 273,842	\$ 2,422,467	\$ 7,112,994	\$ 67,319,592
\$ -	\$ -	\$ 389,414	\$ 4,463,144
-	-	25,871	1,426,446
-	-	2,789,512	15,574,019
-	-	877,772	7,111,067
-	2,893,961	1,657,153	5,074,516
-	-	1,115,052	14,910,745
-	-	8,274	926,271
-	-	137,399	1,826,302
-	-	-	2,253,181
-	-	-	5,335,491
-	-	-	3,125,570
-	-	-	545,960
\$ -	\$ 2,893,961	\$ 7,000,447	\$ 62,572,712
\$ 273,842	\$ (471,494)	\$ 112,547	\$ 4,746,880
\$ -	\$ 520,771	\$ 567,228	\$ 7,384,920
-	-	(190,323)	(8,025,989)
-	-	-	17,990,000
-	-	-	1,944,652
-	-	-	4,559,048
-	-	-	7,965,000
-	-	-	(21,182,870)
\$ -	\$ 520,771	\$ 376,905	\$ 10,634,761
\$ 273,842	\$ 49,277	\$ 489,452	\$ 15,381,641
757,588	104,373	932,058	27,077,845
\$ 1,031,430	\$ 153,650	\$ 1,421,510	\$ 42,459,486

Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2021

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 15,381,641
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 2,907,980	
Depreciation expense	<u>(4,938,584)</u>	(2,030,604)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	119,232
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$ (27,899,652)	
Issuance of bond premium	(4,559,048)	
Change in long-term liability payable to Utility Fund	119,872	
Principal payments	5,335,491	
Payment to refunded bond escrow agent	21,182,870	
Change in landfill postclosure liability	(27,507)	
Amortization of bond premium	<u>201,201</u>	(5,646,773)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in compensated absences	\$ (226,319)	
Change in pension related items	(806,088)	
Change in OPEB related items	(122,046)	
Amortization of deferred charges on refunding	(4,850)	
Change in accrued interest payable	<u>(5,639)</u>	(1,164,942)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

	<u>328,039</u>
Change in net position of governmental activities	<u>\$ 6,986,593</u>

The notes to the financial statements are an integral part of this statement.

Statement of Net Position

Proprietary Funds

June 30, 2021

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 250,783	\$ 57	\$ 250,840	\$ 1,650,862
Accounts receivable, net	311,236	9,441	320,677	-
Due from other governmental units	8,551	-	8,551	-
Total current assets	\$ 570,570	\$ 9,498	\$ 580,068	\$ 1,650,862
Noncurrent assets:				
Restricted cash and cash equivalents	\$ 23,631,003	\$ -	\$ 23,631,003	\$ -
Capital assets:				
Land	561,986	150,000	711,986	-
Buildings	1,389,536	-	1,389,536	412,315
Improvements other than buildings	50,712,596	5,660,499	56,373,095	68,551
Equipment	2,077,109	-	2,077,109	-
Construction in progress	873,129	-	873,129	-
Accumulated depreciation	(18,171,500)	(1,635,226)	(19,806,726)	(480,866)
Total capital assets	\$ 37,442,856	\$ 4,175,273	\$ 41,618,129	\$ -
Total noncurrent assets	\$ 61,073,859	\$ 4,175,273	\$ 65,249,132	\$ -
Total assets	\$ 61,644,429	\$ 4,184,771	\$ 65,829,200	\$ 1,650,862
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	\$ 726,639	\$ -	\$ 726,639	\$ -
Pension related items	247,633	-	247,633	-
OPEB related items	54,306	-	54,306	-
Total deferred outflows of resources	\$ 1,028,578	\$ -	\$ 1,028,578	\$ -
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 235,129	\$ 8,810	\$ 243,939	\$ -
Accrued payroll	24,867	-	24,867	-
Other accrued liabilities	15,880	-	15,880	-
Customer deposits	193,123	7,225	200,348	-
Accrued interest payable	317,593	-	317,593	-
Unearned revenue - grant	958	-	958	-
Due to other funds	-	-	-	2,858
Insurance and benefit claims	-	-	-	155,194
Bonds payable - current portion	1,290,000	169,674	1,459,674	-
Compensated absences - current portion	9,575	-	9,575	-
Total current liabilities	\$ 2,087,125	\$ 185,709	\$ 2,272,834	\$ 158,052
Noncurrent liabilities:				
Bonds payable - net of current portion	\$ 54,458,414	\$ 848,372	\$ 55,306,786	\$ -
Long-term lease and other obligations - net of current portion				
Net pension liability	110,384	-	110,384	-
Net OPEB liabilities	184,879	-	184,879	-
Compensated absences - net of current portion	86,178	-	86,178	-
Total noncurrent liabilities	\$ 54,839,855	\$ 848,372	\$ 55,688,227	\$ -
Total liabilities	\$ 56,926,980	\$ 1,034,081	\$ 57,961,061	\$ 158,052

Statement of Net Position

Proprietary Funds

June 30, 2021

	Enterprise Funds			
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	Internal Service Funds
DEFERRED INFLOWS OF RESOURCES				
Pension related items	\$ 2,165	\$ -	\$ 2,165	\$ -
OPEB related items	19,243	-	19,243	-
Total deferred inflows of resources	<u>\$ 21,408</u>	<u>\$ -</u>	<u>\$ 21,408</u>	<u>\$ -</u>
NET POSITION				
Net investment in capital assets	\$ 4,382,904	\$ 3,157,227	\$ 7,540,131	\$ -
Restricted	1,669,180	-	1,669,180	-
Unrestricted	(327,465)	(6,537)	(334,002)	1,492,810
Total net position	<u>\$ 5,724,619</u>	<u>\$ 3,150,690</u>	<u>\$ 8,875,309</u>	<u>\$ 1,492,810</u>

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
OPERATING REVENUES				
Charges for services:				
Water	\$ 908,514	\$ -	\$ 908,514	\$ -
Sewer	1,731,828	73,414	1,805,242	-
Risk management	-	-	-	4,496,855
Other revenue	197,942	-	197,942	-
Total operating revenues	<u>\$ 2,838,284</u>	<u>\$ 73,414</u>	<u>\$ 2,911,698</u>	<u>\$ 4,496,855</u>
OPERATING EXPENSES				
Personnel services	\$ 902,027	\$ 9,064	\$ 911,091	\$ -
Fringe benefits	409,565	728	410,293	-
Contractual services	554,436	20,736	575,172	-
Risk financing and benefit payments	-	-	-	4,168,816
Other charges	978,155	45,997	1,024,152	-
Depreciation	1,323,802	141,513	1,465,315	-
Total operating expenses	<u>\$ 4,167,985</u>	<u>\$ 218,038</u>	<u>\$ 4,386,023</u>	<u>\$ 4,168,816</u>
Operating income (loss)	<u>\$ (1,329,701)</u>	<u>\$ (144,624)</u>	<u>\$ (1,474,325)</u>	<u>\$ 328,039</u>
NONOPERATING REVENUES (EXPENSES)				
Connection availability fees	\$ 2,281,268	\$ 135	\$ 2,281,403	\$ -
Federal revenue - CARES act	31,415	825	32,240	-
CARES expenses	(31,415)	(825)	(32,240)	-
Interest revenue	6,181	-	6,181	-
Bond issuance costs	(302,414)	-	(302,414)	-
Interest expense	(1,337,768)	-	(1,337,768)	-
Total nonoperating revenues (expenses)	<u>\$ 647,267</u>	<u>\$ 135</u>	<u>\$ 647,402</u>	<u>\$ -</u>
Income (loss) before transfers	<u>\$ (682,434)</u>	<u>\$ (144,489)</u>	<u>\$ (826,923)</u>	<u>\$ 328,039</u>
Transfers in	450,369	190,700	641,069	-
Change in net position	<u>\$ (232,065)</u>	<u>\$ 46,211</u>	<u>\$ (185,854)</u>	<u>\$ 328,039</u>
Net position - beginning	5,956,684	3,104,479	9,061,163	1,164,771
Net position - ending	<u>\$ 5,724,619</u>	<u>\$ 3,150,690</u>	<u>\$ 8,875,309</u>	<u>\$ 1,492,810</u>

The notes to the financial statements are an integral part of this statement.

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2021

	Enterprise Funds			Internal Service Funds
	Caroline County Utility Fund	Dawn Wastewater System Fund	Total	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 2,849,772	\$ 75,489	\$ 2,925,261	\$ 4,498,166
Claims and benefits paid	-	-	-	(4,448,557)
Payments to suppliers for goods and services	(1,411,343)	(86,800)	(1,498,143)	-
Payments to employees for services	(1,258,421)	(9,792)	(1,268,213)	-
Net cash provided by (used for) operating activities	\$ 180,008	\$ (21,103)	\$ 158,905	\$ 49,609
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
CARES act funds received	\$ 32,373	\$ 825	\$ 33,198	\$ -
CARES act funds disbursed	(31,415)	(825)	(32,240)	-
Transfers from other funds	450,369	190,700	641,069	-
Net cash provided by (used for) noncapital financing activities	\$ 451,327	\$ 190,700	\$ 642,027	\$ -
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Grant revenue	\$ (4,131)	\$ -	\$ (4,131)	\$ -
Connection availability fees	2,281,268	135	2,281,403	-
Cash received from bond refunding	23,895,000	-	23,895,000	-
Principal paid on bonds	(2,879,944)	(169,675)	(3,049,619)	-
Interest and other fiscal charges	(1,662,271)	-	(1,662,271)	-
Acquisition and construction of capital assets	(250,655)	-	(250,655)	-
Net cash provided by (used for) capital and related financing activities	\$ 21,379,267	\$ (169,540)	\$ 21,209,727	\$ -
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investment securities	\$ 6,181	\$ -	\$ 6,181	\$ -
Net cash provided by (used for) investing activities	\$ 6,181	\$ -	\$ 6,181	\$ -
Net increase (decrease) in cash and cash equivalents	\$ 22,016,783	\$ 57	\$ 22,016,840	\$ 49,609
Cash and cash equivalents - beginning, including restricted	1,865,003	-	1,865,003	1,601,253
Cash and cash equivalents - ending, including restricted	\$ 23,881,786	\$ 57	\$ 23,881,843	\$ 1,650,862
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (1,329,701)	\$ (144,624)	\$ (1,474,325)	\$ 328,039
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation	\$ 1,323,802	\$ 141,513	\$ 1,465,315	\$ -
(Increase) decrease in accounts receivable	(9,779)	1,976	(7,803)	-
(Increase) decrease in interfund balances	11,711	(11,711)	-	-
(Increase) decrease in pension related deferred outflows of resources	(109,869)	-	(109,869)	-
(Increase) decrease in OPEB related deferred outflows of resources	11,630	-	11,630	-
Increase (decrease) in accounts payable	106,918	(8,356)	98,562	-
Increase (decrease) in accrued payroll	5,705	-	5,705	-
Increase (decrease) in other accrued liabilities	2,618	-	2,618	-
Increase (decrease) in customer deposits	21,267	99	21,366	-
Increase (decrease) in insurance and benefit claims	-	-	-	(279,741)
Increase (decrease) in pension related deferred inflows of resources	(62,263)	-	(62,263)	-
Increase (decrease) in OPEB related deferred inflows of resources	7,726	-	7,726	-
Increase (decrease) in net pension liability	218,341	-	218,341	-
Increase (decrease) in net OPEB liabilities	(16,519)	-	(16,519)	-
Increase (decrease) in compensated absences	(1,579)	-	(1,579)	-
Increase (decrease) in due to other funds	-	-	-	1,311
Total adjustments	\$ 1,509,709	\$ 123,521	\$ 1,633,230	\$ (278,430)
Net cash provided by (used for) operating activities	\$ 180,008	\$ (21,103)	\$ 158,905	\$ 49,609

The notes to the financial statements are an integral part of this statement.

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 1,683,337
Total assets	\$ <u>1,683,337</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 1,683,337
Total net position	\$ <u>1,683,337</u>

The notes to the financial statements are an integral part of this statement.

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Contributions	\$ 512,987
Investment earnings:	
Interest and dividends	994
Total additions	\$ <u>513,981</u>
DEDUCTIONS	
Receipt payments	\$ 105,804
Total deductions	\$ <u>105,804</u>
Net increase (decrease) in fiduciary net position	\$ 408,177
Net position, beginning, as restated	<u>1,275,160</u>
Net position, ending	\$ <u><u>1,683,337</u></u>

The notes to the financial statements are an integral part of this statement.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Caroline, Virginia (the "County") is governed by an elected six-member Board of Supervisors. The County provides a full range of services for its citizens. These services include law enforcement and volunteer and paid fire protection and rescue services; sanitation services; recreational activities, cultural events, education, and social services.

The financial statements of the County of Caroline, Virginia have been prepared in conformity with the accounting principles generally accepted in the United States as specified by the Governmental Accounting Standards Board, and the specifications promulgated by the Auditor of Public Accounts (APA) of the Commonwealth of Virginia. The more significant of the government's accounting policies are described below.

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedules present the original budget, the final budget, and the actual activity of the major governmental funds.

A. Financial Reporting Entity

The basic criterion for determining whether a governmental department, agency, institution, commission, public authority, or other governmental organization should be included in a primary governmental unit's reporting entity for the basic financial statements is financial accountability. Financial accountability includes the appointment of a voting majority of the organization's governing body and the ability of the primary government to impose its will on the organization or if there is a financial benefit/burden relationship. In addition, an organization which is fiscally dependent on the primary government should be included in its reporting entity. These financial statements present the County of Caroline (the primary government) and its component units. Blended component units, although legally separate entities, are, in substance, part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2021.

Discretely Presented Component Unit

The School Board members are elected by the citizens of Caroline County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. Additionally, the School Board provides a potential benefit or burden to the County, and cannot be included as part of another financial reporting entity. The County not only provides financial support to the School Board but also is responsible for any debt or financial obligation. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2021.

The Caroline County Economic Development Authority (EDA) is responsible for industrial and commercial development in the County. The Authority consists of six members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County, as the County is involved in the day-to-day operations of the EDA, and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2021. The Authority does not issue a separate financial report.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Other Related Organizations

Middle Peninsula Juvenile Detention Commission

The Middle Peninsula Juvenile Detention Commission (the “Commission”) is a political subdivision of the Commonwealth of Virginia and is governed by a separate board. The Commission was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a juvenile detention facility (the “Center”) serving the eighteen member jurisdictions of which the County Administrator serves as the County’s representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Under the Service Agreement, the County is obligated to pay a per diem rate to be determined annually by the Commission for each day a juvenile from the County is held at the Center or in another detention facility secured by the Commission. If the sum of all per diem rates paid during the fiscal year is below \$2,500, the County shall pay the Commission the amount equal to the difference. The County made per diem contributions totaling \$164,736 in fiscal year 2021. Separate audited financial statements for the Commission can be obtained from the fiscal agent’s office at James City County, P.O. Box 8784, Williamsburg, Virginia 23187.

Pamunkey Regional Jail Authority

The Pamunkey Regional Jail Authority (Jail Authority) is a political subdivision of the Commonwealth of Virginia. The participating jurisdictions of the Jail Authority are the Counties of Caroline and Hanover and the Town of Ashland. The Jail Authority is governed by a five-member board comprised of two members each from the Counties of Caroline and Hanover and one from the Town of Ashland. Management and accountability for fiscal matters rest with the Jail Authority. The board formulates and approves its own budget. The County does not bear any direct or indirect liabilities for the operation of the Jail Authority and has no equity interest in it.

The purpose of the Jail Authority is to maintain and operate a regional jail facility to meet the needs of the participating jurisdictions for jail facilities. The participating jurisdictions have entered into a Service Agreement which is a long-term contract which regulates usage of the Jail and establishes payment terms applicable to participating jurisdictions. Under the Service Agreement, the County is obligated to commit all of its prisoners to the Jail at a per diem rate to be determined annually by the Jail. The County made per diem contributions totaling \$1,661,794 in fiscal year 2021. Complete financial statements for the Jail can be obtained from the office of the Pamunkey Regional Jail Authority.

Included in the County's Financial Report

None

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accompanying financial statements are prepared in accordance with pronouncements issued by the Governmental Accounting Standards Board. The principles prescribed by GASB represent generally accepted accounting principles applicable to governmental units.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements, except for agency funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County's fiduciary funds are presented in the fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

Permits, fines and rents are recorded as revenues when received. Intergovernmental revenues, consisting primarily of federal, state and other grants for the purpose of funding specific expenditures, are recognized when earned or at the time of the specific expenditures. Revenues from general purpose grants are recognized in the period to which the grant applies. All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

In the fund financial statements, financial transactions and accounts of the County are organized on a basis of funds. The operation of each fund is considered to be an independent fiscal and separate accounting, with a self-balancing set of accounts recording cash and/or other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

1. Governmental Funds - are those through which most governmental functions typically are financed. The County reports the General Fund, Debt Service Fund, County Capital Projects Fund, Proffers Fund and Virginia Public Assistance Fund as major governmental funds.

General Fund - The General Fund is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for and reported in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for fund reporting purposes.

Debt Service Fund - The Debt Service Fund accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds are used to report financial resources being accumulated for future debt service. Payment of principal and interest on the County's and School Board's general long-term debt financing is provided by appropriations from the General Fund.

County Capital Projects Funds - The County Capital Projects Fund accounts for and reports financial resources that are restricted, committed or assigned to expenditures for capital outlays, except for those financed by proprietary funds or for assets held in trust for individuals, private organizations, or other governments.

Special Revenue Funds - Special revenue funds account for and report the proceeds of specific revenue sources that are restricted, committed or assigned to expenditure for specified purposes other than debt service or capital projects. The County reports the following major special revenue funds: Virginia Public Assistance Fund and Proffers Fund. These funds have been judgmentally determined to be major for public interest reasons, in that the presentation is of particular importance to the financial statement users. The County reports the following nonmajor funds:

Nonmajor Special Revenue Funds - account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. Nonmajor Special Revenue Funds consist of the following funds: Children's Services, Law Library, Courthouse Maintenance, Tourism, Confiscated Asset, Housing, Sheriff, Fire/Rescue Grant, Detention Facility, and CARES Act.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

2. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds and Internal Service Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's Major Enterprise Funds consist of the Caroline County Utility Fund and Dawn Wastewater System Fund, which account for the operations of sewage pumping stations and collection systems, and the water distribution system.

Internal Service Funds - account for the financing of goods or services provided by one department or agency to other departments or agencies of the County government, on a cost reimbursement basis. The County's internal service funds include the Vehicle Maintenance Fund and the Self-Insurance Fund.

3. Fiduciary Funds - (Trust and Custodial Funds) - account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Custodial Funds. Custodial Funds utilize the accrual basis of accounting. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes social services clients, technology education consortium program, and refundable escrow deposits.

4. Component Unit School Board

The Caroline County School Board has the following funds:

Governmental Fund:

School Operating Fund - This fund is the primary operating fund of the School Board and accounts for all revenues and expenditures applicable to the general operations of the public school system. Revenues are derived primarily from charges for services, appropriations from the County of Caroline School Board and state and federal grants. The School Operating Fund is considered a major fund of the School Board for financial reporting purposes.

Special Revenue Funds:

School Grant Fund - This fund accounts for the revenues and expenditures for all federal grants of the School Board. The School Grant Fund is considered a major fund for financial reporting purposes.

School Cafeteria Fund - This fund is the operating fund of the school cafeteria and accounts for all revenues and expenditures applicable to the general operations of the school nutrition system. Revenues are derived primarily from charges for services and state and federal grants. The School Cafeteria Fund is considered a major fund of the School Board for financial reporting purposes.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

4. Component Unit School Board (Continued)

Special Revenue Funds: (Continued)

School Textbook Fund - This fund accounts for the revenues and expenditures for the school textbook program. The School Textbook Fund is considered a major fund for financial reporting purposes.

School Activity Fund - School activity funds include all funds received from extracurricular school activities, such as entertainment, athletic contests, club dues, fundraisers, etc., and from all activities of the school involving personnel, students, or property. The School Activity Fund is considered a nonmajor fund of the School Board for financial reporting purposes.

Capital Projects Funds:

Capital Projects Fund - This fund accounts for the revenues and expenditures for school capital projects. The Capital Projects Fund is considered a major fund of the School Board for financial reporting purposes.

E. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, and other nonparticipating investments (external investment pools) are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

State statutes allow the County to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements.

Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

Cash of individual funds other than the Custodial Funds is combined to form a pool of cash and investments. The pool consists primarily of government and corporate obligations, commercial paper and an external local government investment pool. The government and corporate securities are stated at fair value based on quoted market prices and the investment in the local government investment pool is reported at amortized cost. Interest earned as a result of pooling is distributed to the appropriate funds utilizing a formula based on average monthly balances.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$857,592 at June 30, 2021 and is comprised primarily of property taxes totaling \$800,502.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1 June 5/December 5	January 1 June 5/December 5
Due Date	(50% each date)	(50% each date)
Lien Date	June 6/December 6	June 6/December 6

The County bills and collects its own property taxes. The County reassesses all existing real property every four to five years and the last reassessment was completed in 2021.

H. Restricted Cash

Proceeds from the County’s bond issues, as well as certain resources set aside for their repayment, are classified as restricted cash on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

I. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure, are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded as acquisition value at the date of donation.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction on governmental activities' capital assets is not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capitalized interest is amortized using the straight-line method over the useful life of the asset. There is no capitalized interest for the year June 30, 2021.

Property, plant and equipment and infrastructure of the primary government, as well as the component units, are depreciated or amortized using the straight-line method over the following estimated useful lives.

Assets	Years
Buildings	20-40
Improvements other than buildings	5-50
Motor vehicles and equipment	3-15
Intangibles	5

J. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the Statement of Activities and a long-term obligation in the Statement of Net Position. No liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as "terminal leave" prior to retirement.

Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. The General Fund is responsible for paying the liability for compensated absences for general government employees and has been used in prior years to liquidate the governmental funds' liability.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

L. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's and School Board's Retirement Plan and the additions to/deductions from the County's and School Board's Retirement Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC (nonprofessional), and Teacher HIC OPEB Plans and the additions to/deductions from the VRS OPEB Plans' net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

O. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Prepaid expenditures in governmental funds are offset by a nonspendable fund balance.

Q. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

Q. Fund Balance (Continued)

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	Major Debt Service Fund	Major County Capital Projects Fund	Major Special Revenue Funds	Virginia Public Assistance Fund	Other Governmental Funds	Total
Fund Balances:							
Nonspendable:							
Prepaid items	\$ 68,583	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,583
Total Nonspendable	<u>\$ 68,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,583</u>
Restricted:							
Capital projects	\$ -	\$ -	\$ 2,091,090	\$ -	\$ -	\$ -	\$ 2,091,090
Debt service	1,847,361	-	-	-	-	-	1,847,361
Social services	-	-	-	-	32,803	-	32,803
Law enforcement	-	-	-	1,000	-	-	1,000
Public safety grants	-	-	-	-	-	321,898	321,898
Fire/rescue	-	-	-	2,000	-	-	2,000
Fire/rescue grants	-	-	-	-	-	264,805	264,805
Housing	-	-	-	-	-	20,972	20,972
Courthouse maintenance	-	-	-	-	-	39,303	39,303
Law library	-	-	-	-	-	1,452	1,452
Tourism	-	-	-	-	-	140,051	140,051
Ladysmith Commons and improvements	-	-	-	37,499	-	-	37,499
Ladysmith library	-	-	-	365,327	-	-	365,327
Ladysmith recreation	-	-	-	163,606	-	-	163,606
Dawn library	-	-	-	5,412	-	-	5,412
Route 639 construction	-	-	-	275,000	-	-	275,000
Children's services	-	-	-	-	-	100,858	100,858
Total Restricted	<u>\$ 1,847,361</u>	<u>\$ -</u>	<u>\$ 2,091,090</u>	<u>\$ 849,844</u>	<u>\$ 32,803</u>	<u>\$ 889,339</u>	<u>\$ 5,710,437</u>
Committed:							
Capital projects	\$ 593,886	\$ -	\$ -	\$ -	\$ -	\$ 532,171	\$ 1,126,057
Education	100,000	-	-	-	-	-	100,000
Total Committed	<u>\$ 693,886</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,171</u>	<u>\$ 1,226,057</u>
Assigned:							
Operations	\$ 1,818,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,818,577
Capital projects	1,188,427	-	-	-	-	-	1,188,427
Debt service	-	9,181,170	-	-	-	-	9,181,170
Proffers	-	-	-	181,586	-	-	181,586
Social services	-	-	-	-	120,847	-	120,847
Total Assigned	<u>\$ 3,007,004</u>	<u>\$ 9,181,170</u>	<u>\$ -</u>	<u>\$ 181,586</u>	<u>\$ 120,847</u>	<u>\$ -</u>	<u>\$ 12,490,607</u>
Unassigned	<u>\$ 22,963,802</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,963,802</u>
Total Fund Balances	<u>\$ 28,580,636</u>	<u>\$ 9,181,170</u>	<u>\$ 2,091,090</u>	<u>\$ 1,031,430</u>	<u>\$ 153,650</u>	<u>\$ 1,421,510</u>	<u>\$ 42,459,486</u>

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. One item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other item is comprised of certain items related to the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30 and amounts prepaid on next year's taxes and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, amounts prepaid on next year's taxes are reported as deferred inflows of resources. In addition, certain items related to the measurement of the net pension asset/liability and net OPEB liability are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 1 of each year, the County Administrator submits to the Board of Supervisors a proposed operating capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. The Board of Supervisors conducts work sessions to review the budget and public hearings are required to be conducted to obtain citizen comments
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level or category level. The appropriation for each department or category can be revised only by the Board of Supervisors. The County Administrator is authorized to transfer budgeted amounts within the primary government's department; however, the Component Unit - School Board is authorized to transfer budgeted amounts within the school system's categories.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Funds of the County and Component Unit - School Board.
6. All budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Appropriations lapse on June 30.
8. The original budget presented in the accompanying financial statements is the budget as provided in the Appropriation Resolution adopted by the Board of Supervisors. The final amended budget presented in the financial statements is the budget, amended as indicated above, as of the June 30 year end.

Expenditures and Appropriations

Expenditures exceeded appropriations in the following funds at June 30, 2021.

<u>Fund</u>	<u>Amount</u>
Debt Service	\$ 874,109
Confiscated Asset	43,464
Law Library	958
School Operating	702,926

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the “Act”) Section 2.2-4400 et. Seq. of the Code of Virginia. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and depending upon that choice, will pledge collateral that ranges in the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard and Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Local Government Investment Pool (LGIP)

The LGIP is a professionally managed money market fund which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The fair value of the position of the LGIP is the same as the value of the pool shares, i.e. the LGIP maintains a stable net asset of \$1 per share. The weighted average maturity of the LGIP is less than one year.

Virginia State Non-Arbitrage Program (SNAP)

Investment in the SNAP is used to assist in avoiding arbitrage penalties enacted with the Tax Reform Act of 1986. Sections 2.2-4700 through 2.2-4705 of the *Code of Virginia*, the Government Non-Arbitrage Investment Act authorizes the Virginia Treasury Board to provide assistance to the Commonwealth of Virginia, counties, cities, and towns in the Commonwealth, and to their agencies, institutions and authorities or any combination of the foregoing (“Virginia governments”) in the management of and accounting for their bond funds, including without limitation, bond proceeds, reserves, and sinking funds, and the investment thereof. The Virginia SNAP has been assigned an “AAAm” rating by Standard & Poor’s. The SNAP fund is managed to maintain a dollar-weighted average portfolio maturity of 90 days or less and seeks to maintain a constant net value (NAV) per share of \$1. The Commonwealth of Virginia’s Treasury Board has contracted with PFM Asset Management, LLC, Wells Fargo, N.A., U. S. Bank, N.A., and the Bank of New York Mellon Corporation to provide professional services and regulating oversight to the SNAP program.

Custodial Credit Risk (Deposits)

This is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County’s investment policy requires all deposits to be insured under FDIC or comply with the Act. At year end, none of the County’s deposits were exposed to custodial credit risk.

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2021 were held by the County or in the County’s name by the County’s custodial banks. The investments also should have a credit rating no less than AA rated by Standard and Poor or Aa by Moody’s Investor Service.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and the ratings are presented below using the Standard and Poor's rating scale. The County's investment policy limits investments to those allowed by the Code of Virginia. The County may however restrict investments beyond the limits imposed by the Code of Virginia as such restrictions serve the purpose of further safeguarding County funds or are in the best interest of the County.

County's Rated Debt Investments' Values			
Rated Debt Investments	Fair Quality Ratings		
	AAAm	Unrated	
Local Government Investment Pool	\$ 31,373,544	\$ -	
Virginia State Non-Arbitrage Pool	33,803,796	-	
Repurchase Agreements - Underlying:			
U.S. Agency Bonds	-	1,040,439	
Total	<u>\$ 65,177,340</u>	<u>\$ 1,040,439</u>	

Interest Rate Risk

The County's investment policies authorize the County to invest in Repurchase Agreements with a maturity no greater than thirty (30) days, unless the collateral is held by another banking institution, and deposits in banks not to exceed five years at the time of purchase.

Investment Maturities (in years)				
Investment Type	Fair Value	Less than 1 Year	1-5 Years	
Local Government Investment Pool	\$ 31,373,544	\$ 31,373,544	\$ -	
Virginia State Non-Arbitrage Pool	33,803,796	33,803,796	-	
Certificates of Deposit	608,866	335,007	273,859	
Repurchase Agreements - Underlying:				
U.S. Agency Bonds	<u>1,040,439</u>	<u>1,040,439</u>	<u>-</u>	
Total	<u>\$ 66,826,645</u>	<u>\$ 66,552,786</u>	<u>\$ 273,859</u>	

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices
- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

(If there has been a change in valuation technique that has a significant effect on the result (e.g., changing from an expected cash flow technique or the use of an additional valuation technique), document that specific change, and the reason(s) for making it.)

The County has the following recurring fair value measurements as of June 30, 2021:

- U. S. Agency Bonds of \$1,040,439 are valued using quoted market prices (Level 1 inputs).

External Investment Pools

LGIP and SNAP are amortized cost basis portfolios. There are no withdrawal limitations or restrictions imposed on participants.

The fair value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) are the same as the value of the pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 4—DUE FROM AND TO OTHER GOVERNMENTS:

At June 30, 2021, the County has amounts due from other governments as follows:

	<u>Primary Government</u>		<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>School Board</u>
Other Local Governments:			
Town of Port Royal	\$ -	\$ 8,551	\$ -
Commonwealth of Virginia:			
State sales tax	-	-	782,905
Motor vehicle carrier tax	22,260	-	-
Personal property tax relief funds	1,147,226	-	-
Auto rental tax	1,005	-	-
Additional tax on deeds	18,098	-	-
Rolling stock tax	5,327	-	-
E-911 wireless funds	20,431	-	-
School resource officer grant	77,524	-	-
Victim witness grant	37,035	-	-
Soil conservationist reimbursement	236,126	-	-
VA domestic violence victim grant	42,008	-	-
Welfare	75,909	-	-
Children's services	202,027	-	-
Communication sales tax	9,098	-	-
Constitutional officer reimbursements	181,501	-	-
Local sales tax	519,203	-	-
Other state funds	128,827	-	276,357
Federal Government:			
School fund grants	-	-	929,580
E-rate income	32,344	-	-
DMV	1,071	-	-
Justice assistance grants	7,892	-	-
Victim witness	11,924	-	-
State homeland security program	47,040	-	-
Welfare	127,121	-	-
Total due from other governments	\$ 2,950,997	\$ 8,551	\$ 1,988,842

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

Primary Government:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Governmental activities:				
General government:				
Capital assets not subject to depreciation:				
Land	\$ 1,296,783	\$ -	\$ -	\$ 1,296,783
Construction in progress	480,054	892,648	-	1,372,702
Total capital assets not subject to depreciation	\$ 1,776,837	\$ 892,648	\$ -	\$ 2,669,485
Capital assets subject to depreciation:				
Buildings	\$ 86,577,705	\$ 208,708	\$ -	\$ 86,786,413
Equipment	20,947,226	1,700,468	257,186	22,390,508
Improvements other than buildings	9,721,915	-	-	9,721,915
Intangibles	315,803	106,156	-	421,959
Total capital assets being depreciated	\$ 117,562,649	\$ 2,015,332	\$ 257,186	\$ 119,320,795
Accumulated depreciation:				
Buildings	\$ 28,924,151	\$ 2,692,968	\$ -	\$ 31,617,119
Equipment	10,921,543	1,794,735	257,186	12,459,092
Improvements other than buildings	4,476,695	430,421	-	4,907,116
Intangibles	287,866	20,460	-	308,326
Total accumulated depreciation	\$ 44,610,255	\$ 4,938,584	\$ 257,186	\$ 49,291,653
Total capital assets being depreciated, net	\$ 72,952,394	\$ (2,923,252)	\$ -	\$ 70,029,142
General government activities capital assets, net	\$ 74,729,231	\$ (2,030,604)	\$ -	\$ 72,698,627

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Primary Government: (Continued)

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Internal Service Fund:				
Capital assets subject to depreciation:				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
Total capital assets being depreciated	\$ 480,866	\$ -	\$ -	\$ 480,866
Accumulated depreciation:				
Buildings	\$ 412,315	\$ -	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	-	68,551
Total accumulated depreciation	\$ 480,866	\$ -	\$ -	\$ 480,866
Total capital assets being depreciated, net	\$ -	\$ -	\$ -	\$ -
Internal Service Fund capital assets, net	\$ -	\$ -	\$ -	\$ -
Total governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 1,296,783	\$ -	\$ -	\$ 1,296,783
Construction in progress	480,054	892,648	-	1,372,702
Total capital assets not subject to depreciation	\$ 1,776,837	\$ 892,648	\$ -	\$ 2,669,485
Capital assets subject to depreciation:				
Buildings	\$ 86,990,020	\$ 208,708	\$ -	\$ 87,198,728
Equipment	20,947,226	1,700,468	257,186	22,390,508
Improvements other than buildings	9,790,466	-	-	9,790,466
Intangibles	315,803	106,156	-	421,959
Total capital assets being depreciated	\$ 118,043,515	\$ 2,015,332	\$ 257,186	\$ 119,801,661
Accumulated depreciation:				
Buildings	\$ 29,336,466	\$ 2,692,968	\$ -	\$ 32,029,434
Equipment	10,921,543	1,794,735	257,186	12,459,092
Improvements other than buildings	4,545,246	430,421	-	4,975,667
Intangibles	287,866	20,460	-	308,326
Total accumulated depreciation	\$ 45,091,121	\$ 4,938,584	\$ 257,186	\$ 49,772,519
Total capital assets being depreciated, net	\$ 72,952,394	\$ (2,923,252)	\$ -	\$ 70,029,142
General government activities capital assets, net	\$ 74,729,231	\$ (2,030,604)	\$ -	\$ 72,698,627

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

Primary Government: (Continued)

	<u>Balance</u> <u>July 1, 2020</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:							
Capital assets not subject to depreciation:							
Land	\$ 711,986	\$	-	\$	-	\$	711,986
Construction in progress	782,420		90,709		-		873,129
Total capital assets not subject to depreciation	<u>\$ 1,494,406</u>	<u>\$</u>	<u>90,709</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>1,585,115</u>
Capital assets subject to depreciation:							
Buildings	\$ 1,389,536	\$	-	\$	-	\$	1,389,536
Improvements other than buildings	56,373,095		-		-		56,373,095
Equipment	1,917,163		159,946		-		2,077,109
Total capital assets being depreciated	<u>\$ 59,679,794</u>	<u>\$</u>	<u>159,946</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>59,839,740</u>
Accumulated depreciation:							
Buildings	\$ 437,170	\$	35,855	\$	-	\$	473,025
Improvements other than buildings	16,530,408		1,318,606		-		17,849,014
Equipment	1,373,833		110,854		-		1,484,687
Total accumulated depreciation	<u>\$ 18,341,411</u>	<u>\$</u>	<u>1,465,315</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>19,806,726</u>
Total capital assets being depreciated, net	<u>\$ 41,338,383</u>	<u>\$</u>	<u>(1,305,369)</u>	<u>\$</u>	<u>-</u>	<u>\$</u>	<u>40,033,014</u>
Business-type activities capital assets, net	<u><u>\$ 42,832,789</u></u>	<u><u>\$</u></u>	<u><u>(1,214,660)</u></u>	<u><u>\$</u></u>	<u><u>-</u></u>	<u><u>\$</u></u>	<u><u>41,618,129</u></u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

Component Unit—School Board:

	<u>Balance</u> <u>July 1, 2020</u>		<u>Increases</u>		<u>Decreases</u>		<u>Balance</u> <u>June 30, 2021</u>
Capital assets not subject to depreciation:							
Land	\$ 849,553	\$ -	\$ -	\$ 849,553			
Construction in progress	<u>86,356</u>	<u>385,206</u>	<u>183,046</u>	<u>288,516</u>			
Total capital assets not subject to depreciation	\$ <u>935,909</u>	\$ <u>385,206</u>	\$ <u>183,046</u>	\$ <u>1,138,069</u>			
Capital assets subject to depreciation:							
Buildings	\$ 17,173,478	\$ -	\$ -	\$ 17,173,478			
Improvements other than buildings	667,032	449,715	-	1,116,747			
Equipment	<u>9,862,252</u>	<u>1,293,064</u>	<u>173,350</u>	<u>10,981,966</u>			
Total capital assets being depreciated	\$ <u>27,702,762</u>	\$ <u>1,742,779</u>	\$ <u>173,350</u>	\$ <u>29,272,191</u>			
Accumulated depreciation:							
Buildings	\$ 13,953,428	\$ 278,441	\$ -	\$ 14,231,869			
Improvements other than buildings	203,019	114,319	-	317,338			
Equipment	<u>6,282,662</u>	<u>733,939</u>	<u>173,350</u>	<u>6,843,251</u>			
Total accumulated depreciation	\$ <u>20,439,109</u>	\$ <u>1,126,699</u>	\$ <u>173,350</u>	\$ <u>21,392,458</u>			
Total capital assets being depreciated, net	\$ <u>7,263,653</u>	\$ <u>616,080</u>	\$ -	\$ <u>7,879,733</u>			
Capital assets, net	<u>\$ 8,199,562</u>	<u>\$ 1,001,286</u>	<u>\$ 183,046</u>	<u>\$ 9,017,802</u>			

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$ 613,815
Judicial administration	210,835
Public safety	1,519,802
Public works	349,171
Health and welfare	20,326
Education	2,024,743
Parks, recreation and cultural	106,685
Community development	<u>93,207</u>
Total Governmental activities	<u>\$ 4,938,584</u>
Component Unit School Board	<u>\$ 1,126,699</u>
Business-type Activities	<u>\$ 1,465,315</u>

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, has changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the new law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Caroline, Virginia for the year ended June 30, 2021, is that school financed assets in the amount of \$66,161,901 and related accumulated depreciation of \$18,892,639 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6—INTERFUND TRANSFERS AND OBLIGATIONS:

Interfund transfers for the year ended June 30, 2021, consisted of the following below. Amounts may differ slightly from financial statements due to rounding.

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:		
General	\$ 15,323	\$ 7,835,666
County Capital Projects	243,900	-
Debt Service	6,037,698	-
Detention Facility	-	175,000
Tourism	1,244	-
CARES Act	-	15,323
Virginia Public Assistance	520,771	-
Children's Services	565,984	-
Total Governmental Funds	\$ 7,384,920	\$ 8,025,989
Enterprise Funds:		
Caroline County Utility	\$ 450,369	\$ -
Dawn Wastewater System	190,700	-
Total Enterprise Funds	\$ 641,069	\$ -
Component Unit—School Board:		
School Operating	\$ -	\$ 1,218,507
School Capital Projects	1,218,507	-
Total Component Unit—School Board Funds	\$ 1,218,507	\$ 1,218,507
Total-All Funds	\$ 9,244,496	\$ 9,244,496

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

Details of the Primary Government's interfund receivables and payables as of June 30, 2021 are as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Governmental Funds:		
General	\$ 3,012,304	\$ -
County Capital Projects	-	3,009,446
Self-Insurance	-	2,858
Total Governmental Funds	\$ 3,012,304	\$ 3,012,304
Total-All Funds	\$ 3,012,304	\$ 3,012,304

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS:

Primary Government:

The following is a summary of long-term obligations of the County for the year ended June 30, 2021:

	Balance July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Incurring by County:					
Compensated absences	\$ 848,653	\$ 311,184	\$ 84,865	\$ 1,074,972	\$ 107,497
Net pension liability	-	4,063,539	2,670,550	1,392,989	-
Net OPEB liabilities	2,711,273	819,949	961,882	2,569,340	-
Landfill postclosure cost	3,292,190	27,507	-	3,319,697	-
Capital leases	10,011,836	1,944,652	7,219,201	4,737,287	885,323
Direct borrowings and direct placements:					
General obligation bonds	37,955,252	9,970,000	2,436,150	45,489,102	3,146,785
Lease revenue bonds	22,881,871	15,985,000	16,863,010	22,003,861	1,506,318
Lease revenue bond debt allocable from business-type activities	472,346	-	119,872	352,474	-
Unamortized premiums	3,020,057	4,559,048	201,200	7,377,905	-
Total Governmental Activities	<u>\$ 81,193,478</u>	<u>\$ 37,680,879</u>	<u>\$ 30,556,730</u>	<u>\$ 88,317,627</u>	<u>\$ 5,645,923</u>
Business-type Activities:					
Compensated absences	\$ 97,332	\$ 9,733	\$ 11,312	\$ 95,753	\$ 9,575
Net pension liability	-	340,601	230,217	110,384	-
Net OPEB liabilities	201,398	60,910	77,429	184,879	-
Direct borrowings and direct placements:					
Revenue bonds	33,522,721	23,895,000	4,789,326	52,628,395	1,459,674
Lease revenue bond debt allocable from business-type activities	(472,346)	-	(119,872)	(352,474)	-
Unamortized premium	3,049,681	1,762,128	321,270	4,490,539	-
Total Business-type Activities	<u>\$ 36,398,786</u>	<u>\$ 26,068,372</u>	<u>\$ 5,309,682</u>	<u>\$ 57,157,476</u>	<u>\$ 1,469,249</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30	Governmental Activities Obligations			
	Bonds from Direct Borrowings and Direct Placements			
	General		Lease	
	Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 3,146,785	\$ 2,212,486	\$ 1,506,318	\$ 866,189
2023	3,271,412	2,075,208	1,555,221	844,339
2024	3,396,280	1,932,389	1,625,968	771,311
2025	3,537,704	1,782,278	1,865,024	695,998
2026	3,674,466	1,625,494	1,952,037	606,838
2027	3,826,583	1,462,236	1,329,262	513,467
2028	3,555,498	1,021,584	1,369,398	451,246
2029	3,339,338	852,353	1,437,343	386,575
2030	3,499,338	697,271	1,495,532	318,907
2031	3,644,338	533,707	1,568,975	248,587
2032	3,789,338	388,047	946,257	175,178
2033	3,374,338	255,841	760,000	147,475
2034	3,384,338	131,454	770,000	126,988
2035	49,346	20,841	615,000	106,331
2036			635,000	88,541
2037	-	-	600,000	70,825
2038	-	-	615,000	54,159
2039	-	-	635,000	37,709
2040	-	-	650,000	21,522
2041	-	-	425,000	9,031
Total	\$ <u>45,489,102</u>	\$ <u>14,991,189</u>	\$ <u>22,356,335</u>	\$ <u>6,541,216</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30	<u>Governmental Activities Obligations</u>	
	<u>Capital Leases</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 885,323	\$ 78,637
2023	800,430	64,014
2024	806,425	49,320
2025	659,975	36,061
2026	557,537	24,900
2027	453,232	14,537
2028	206,208	7,492
2029	135,836	4,746
2030	138,690	2,466
2031	93,631	657
Total	\$ <u>4,737,287</u>	\$ <u>282,830</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Year Ending June 30	Business-type Activities Obligations	
	Revenue Bonds from Direct	
	Borrowings and Direct Placements	
	Principal	Interest
2022	\$ 1,459,674	\$ 1,794,325
2023	1,524,674	1,770,996
2024	2,044,674	1,705,122
2025	2,034,674	1,608,150
2026	2,100,024	1,511,376
2027	2,164,675	1,412,872
2028	2,050,000	1,309,456
2029	2,060,000	1,203,569
2030	2,145,000	1,097,837
2031	2,165,000	987,409
2032	2,135,000	881,131
2033	2,190,000	798,684
2034	2,170,000	719,925
2035	2,135,000	658,697
2036	2,130,000	598,347
2037	2,140,000	538,397
2038	2,100,000	476,924
2039	2,055,000	413,534
2040	2,020,000	348,569
2041	1,965,000	283,544
2042	1,775,000	249,963
2043	1,770,000	214,463
2044	1,665,000	179,063
2045	1,565,000	143,681
2046	1,465,000	110,425
2047	1,365,000	79,294
2048	885,000	50,288
2049	675,000	30,375
2050	330,000	15,188
2051	345,000	7,763
Total	\$ 52,628,395	\$ 21,199,367

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Annual requirements to amortize long-term obligations and related interest are as follows: (Continued)

Governmental Activities:

Direct Borrowings and Direct Placements:

General Obligation Bonds: (a)

\$6,364,713 VPSA School Bonds (2007B) issued November 2007, maturing annually from \$308,371 to \$371,160 through July 2027, with interest payable semi-annually at 5.10%.	\$ 2,456,926
\$19,915,000 VPSA School Bonds issued December 2008, maturing annually from \$775,000 to \$1,220,000 through July 2033, with interest payable semi-annually at rates varying from 4.10% to 5.35%.	11,760,000
\$6,000,000 2011 VPSA Direct Payment Qualified School Construction Bonds issued June 2011, maturing annually at \$428,571 through June 2027, with interest payable semi-annually at an average coupon rate of 7.60%.	2,571,441
\$1,085,447 2012 A series VPSA Qualified School Construction Bonds issued October 2012, maturing annually at \$49,339 through December 2034, with interest payable semi-annually at 3.84%.	690,735
\$1,450,000 2012 B series VPSA School Bonds issued November 2012, maturing annually from \$55,000 to \$100,000 through July 2032, with interest due semi-annually at varying rates of 2.05% to 5.05%.	1,005,000
\$20,120,000 2018 series VPSA School Bonds issued June 2018, maturing annually from \$920,000 to \$1,605,000 through June 2034, with interest due semi-annually at varying rates of 3.00% to 5.00%.	17,035,000
\$5,270,000 VPFP series 2020 refunding pool bond issued October 2020, maturing annually from \$505,000 to \$1,030,000 through October 2033, with interest payable semi-annually at rates varying from 1.951% to 5.125%.	5,270,000
\$4,700,000 VPFP series 2020 refunding pool bond issued October 2020, maturing annually from \$325,000 to \$540,000 through October 2031, with interest payable semi-annually at rates varying from 3.125% to 5.125%.	4,700,000
Total general obligation bonds	\$ <u>45,489,102</u>

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Direct Borrowings and Direct Placements: (Continued)

Lease Revenue Bonds: (b)

\$3,525,000 VRA lease revenue refunding bond, issued June 2019, maturing annually with variable amounts from \$100,000 to \$415,000 through October 2039, with interest payable semi-annually at varying rates from 3.125% to 5.125%. \$ 3,080,000

\$15,985,000 EDA of Caroline County lease revenue and refunding bond, issued April 2021, maturing annually from \$375,000 to \$1575,000 through April 2041, with interest payable semi-annually at varying rates from 2.00% to 5.00%. 15,985,000

\$3,142,769 VRA lease revenue bond, issued, issued March 17, 2017, maturing annually from \$168,481 to \$247,677 through June 30, 2032, with interest semi-annually at 2.95%. 2,383,861

\$555,000 VRA refunding bond, issued, issued May 8, 2019, maturing annually from \$25,000 to \$50,000 beginning October 1, 2021 through October 1, 2035, with interest semi-annually beginning October 1, 2019 at all-in true interest cost of 2.973%. 555,000

\$473,246 2009B VRA revenue bond debt, refunded, allocable from the Caroline County Utility Fund. 352,474

Total lease revenue bonds \$ 22,356,335

Capital Leases:

\$779,000 capital lease obligation issued January 13, 2017, secured by public safety vehicles, annual principal payments of \$85,384 beginning January 13, 2017 through January 13, 2026, with interest payable annually at 1.86%. \$ 401,291

\$57,000 capital lease obligation issued January 13, 2017, secured by a vehicle, annual principal payments of \$8,634 beginning January 13, 2017 through January 13, 2023, with interest payable annually at 1.86%. 16,763

\$305,750 capital lease obligation issued October 12, 2017, secured by a vehicle, annual payments of \$64,195 beginning October 2017 through October 2020, with interest payable annually at 2.49%. 65,007

\$794,000 capital lease obligation issued October 12, 2017, secured by a vehicle, annual payments of \$89,215 beginning October 2017 through October 2020, with interest payable annually at 2.69%. 491,172

\$160,000 capital lease obligation issued May 8, 2018, secured by a vehicle, annual principal payments from \$29,194 to \$34,935 beginning May 2018 through May 2022, with interest payable annually at 4.59%. 33,402

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows:

Capital Leases: (Continued)

\$2,098,000 capital lease obligation issued September 9, 2020, secured by vehicles and equipment, annual principal payments from \$98,000 to \$319,000 beginning August 1, 2021 through 2030, with interest payable semi-annually at 1.403%. \$ 1,944,652

\$1,034,000 capital lease obligation issued October 17, 2019, secured by vehicles and equipment, annual principal payments from \$42,000 to \$199,000 beginning June 2021 through 2030, with interest payable annually at coupon rates between 1.919% and 2.182%. 847,000

\$1,086,000 capital lease obligation issued March 3, 2020, secured by equipment, annual principal payments from \$163,000 to \$148,000 beginning August 2020 through 2026, with interest payable semi-annually at coupon rates of 1.835% 938,000

Total capital leases \$ 4,737,287

Unamortized premiums \$ 7,377,905

Net OPEB liabilities \$ 2,569,340

Compensated absences \$ 1,074,972

Landfill postclosure cost \$ 3,319,697

Total Governmental Activities \$ 88,317,627

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of long-term indebtedness are as follows: (Continued)

Business-type Activities:

Direct Borrowings and Direct Placements:

Revenue Bonds: (c)

\$3,366,314 revenue bond issued March 2006, maturing in equal annual installments of \$169,674 through 2025. No interest is payable on the bond.	\$	1,018,046
\$2,695,000 2019B VRA revenue bond issued June 2019, maturing annually from \$5,000 to \$535,000 through October 2025 with interest payable semi-annually at coupon rate of 5.125%.		2,210,349
Less: Revenue bond debt allocable to general government		(352,474)
\$21,260,000 2021 revenue bond issued April 2021, maturing annually from \$170,000 to \$1,775,000 through October 2051 with interest payable semi-annually at varying rates of 2.00% to 5.00%.		21,260,000
\$2,635,000 2020 pooled revenue bond issued October 2020, with interest payable semi-annually at varying rates of 3.125% to 5.125%, with first payment due April 2021, and maturing annual principal payment from \$390,000 to \$495,000 beginning October 2026 through October 2031.		2,635,000
\$7,580,000 2017 pooled revenue bond issued November 15, 2017, maturing annually from \$5,000 to \$580,000 through October 2040, with interest payable semi-annually at varying rates of 3.125% to 5.125%.		7,565,000
\$17,940,000 2019 pooled VRA revenue bond issued May 8, 2019, maturing annually beginning October 1, 2021 through 2040 from \$575,000 to \$1,215,000 through October 2040, with interest payable semi-annually at varying coupon rates from 2.862% to 5.125%.		17,940,000
Total lease revenue bonds	\$	52,275,921
Unamortized premium	\$	4,490,539
Compensated absences	\$	95,753
Net OPEB liabilities	\$	184,879
Total Business-type Activities	\$	57,157,476

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Direct Borrowings and Direct Placements:

- (a) In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.
- (b) Lease revenue bonds totaling \$22,356,335 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable. In addition, the lease revenue bonds issued through the EDA of Caroline County have prepayment penalties of 1% of outstanding principal if the bond is redeemed in advance of specific dates.
- (c) Lease revenue bonds totaling \$52,275,921 contain a provision that, in the event of default, the Lender may declare the entire unpaid principal and interest on the issue as due and payable.

Capital Leases

The County has entered into lease agreements for financing the acquisition of trucks, vehicles and radio equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

		Governmental Activities
Asset:		
Trucks and vehicles	\$	4,619,720
Radio equipment		5,003,786
HVAC and other energy performance equipment		1,247,954
Less: Accumulated depreciation		(4,906,491)
	\$	<u>5,964,969</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2022	\$ 963,960
2023	864,444
2024	855,745
2025	696,036
2026	582,437
2027	467,769
2028	213,700
2029	140,582
2030	141,156
2031	94,288
Total minimum lease payments	\$ 5,020,117
Less: amount representing interest	(282,830)
Present value of minimum lease payments	<u>\$ 4,737,287</u>

Component Unit—School Board

The following is a summary of long-term obligations for the fiscal year ended June 30, 2021:

	<u>Balance at July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2021</u>	<u>Amounts Due Within One Year</u>
Compensated absences	\$ 718,116	\$ 103,404	\$ 71,812	\$ 749,708	\$ 74,971
Net pension liability	33,504,175	12,860,737	10,489,969	35,874,943	-
Net OPEB liabilities	15,735,298	2,069,381	1,726,297	16,078,382	-
Capital leases	<u>1,255,336</u>	<u>153,348</u>	<u>326,031</u>	<u>1,082,653</u>	<u>196,079</u>
Total Component Unit School Board	<u>\$ 51,212,925</u>	<u>\$ 15,186,870</u>	<u>\$ 12,614,109</u>	<u>\$ 53,785,686</u>	<u>\$ 271,050</u>

Capital Leases

The School Board has entered into lease agreements for financing the acquisition of school buses. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
School buses and vehicles	\$ 1,817,547
Less: Accumulated depreciation	<u>(1,469,815)</u>
	<u>\$ 347,732</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2021 were as follows:

Year Ending June 30	Governmental Activities
2022	\$ 221,303
2023	221,425
2024	170,284
2025	170,250
2026	161,358
2027	159,119
2028	44,618
2029	7,420
2030	7,465
2031	<u>7,419</u>
Total minimum lease payments	\$ 1,170,661
Less: amount representing interest	<u>(88,008)</u>
Present value of minimum lease payments	<u>\$ 1,082,653</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 8—ADVANCED AND CURRENT REFUNDING:

Advanced Refunding

On October 27, 2020, the County issued \$2,635,000 in VRA Refunding Bonds, Series 2020 Fall with interest rates ranging from 3.125% to 5.125%. The proceeds were used to refund \$3,310,000 of outstanding VRA Bonds, Series 2010C which had interest rates ranging from 4.828% to 4.845%. The net proceeds of \$3,332,335 (after payment of \$63,973 in issuance costs and receipt of \$761,308 in premium on the bond) were used to call the Series 2010C bonds. As a result, the 2010C Series bonds have been removed from the statement of net position of the business-type activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$22,335. The County refunded the Series 2010C bonds to reduce its total debt service payments over 20 years by \$1,005,641 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$935,334.

On October 27, 2020, the County issued \$9,970,000 in VRA Refunding Bonds, Series 2020 Fall with interest rates ranging from 1.951% to 5.125%. The proceeds were used to refund \$6,426,000 of outstanding EDA Lease Revenue Refunding Bonds, Series 2014 and \$5,591,174 of outstanding EDA Lease Revenue Refunding Bonds, Series 2016 which had interest rates of 2.70% and 2.49% respectively. The net proceeds of \$12,163,164 (after payment of \$226,192 in issuance costs and receipt of \$2,103,694 in premium on the bond) plus other available funds in the amount of \$410,000 were used to call the Series 2014 and Series 2016 EDA Lease Revenue Bonds. As a result, the 2014 and 2016 Series EDA Lease Revenue Bonds have been removed from the statement of net position for governmental activities.

The reacquisition price exceeded the net carrying amount of the old debt by \$145,990. This amount is reported as a deferred outflow of resources and is being amortized over the remaining life of the refunding debt. The County refunded the Series 2014 and 2016 EDA Lease Revenue Bonds to reduce its total debt service payments over 12 years by \$883,407 and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$796,257.

Current Refunding

On April 28, 2021, the County issued a \$15,985,000 Public Facility Lease Revenue and Refunding Bonds, Series 2021 through the Caroline County Economic Development Authority to refund various long-term obligations to include: the County's \$6,574,608 Caroline County E-911 Equipment Lease Financing, Series 2013, a lease financing arrangement with the Virginia Resource Authority securing the Authority's \$5,328,275 Lease Revenue and Refunding Bond Series 2015, the County's \$1,128,000 Caroline County Energy Performance Equipment Lease Financing, Series 2018, and the County's \$1,945,000 Equipment Lease Financing, Series 2018. The net proceeds were used to pay off the remaining balance of the County's outstanding long-term obligations previously detailed, as well as the costs of issuance associated with the Series 2021 bond. The current refunding will decrease its total debt service payments by \$634,876 and resulted in an economic gain of \$630,067.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 9—LANDFILL POSTCLOSURE COSTS:

State and federal laws and regulations required the County to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The landfill operated by the County was certified by the Department of Environmental Quality was closed on December 8, 2003 and all obligations of the County with regard to the closure have been met. The \$3,319,697 reported as landfill postclosure care liability at June 30, 2021 represents the remaining engineering estimate of 20 years of postclosure monitoring and care. These amounts are based on what it would cost to perform all postclosure care in 2021. Actual cost may be higher due to inflation, changes in technology, or changes in regulation. The County intends to fund these costs from general tax revenues and from any special revenue source that may become available for this purpose.

NOTE 10—DEFERRED/UNAVAILABLE REVENUE:

Deferred/unavailable revenue represents amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Under the accrual basis, assessments for future periods are deferred. Deferred/unavailable revenue is comprised of the following:

Unavailable Property Tax Revenue: Revenue representing uncollected tax billings not available for funding of current expenditures totaled \$24,769,897, of which \$5,727,352 represents delinquent property taxes receivable at June 30, 2021.

Prepaid Property Taxes: Property taxes due subsequent to June 30, 2021, but paid in advance by the taxpayers totaled \$1,040,213 at June 30, 2021.

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions of this circular all major programs and certain other programs were tested for compliance with applicable grant requirements.

While no matters of noncompliance were disclosed by audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

NOTE 12—LITIGATION:

At June 30, 2021, there were no matters of litigation involving the County which would materially affect the County's financial position should any court decisions on pending matters not be favorable to such entities.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 13—RISK MANAGEMENT:

The County and School Board Component Unit are exposed to various risks of loss related to torts; theft of, damage to, and destructions of assets, errors and omissions; injuries to employees and others; and natural disasters. To reduce insurance costs and the need for self-insurance, the County and School Board joined with other municipalities in the Commonwealth of Virginia in several public entity risk pools that operate as common risk management and insurance programs for member municipalities.

The County and School Board have coverage with the Virginia Association of Counties Group Self Insurance Risk Pool (the “Pool”) for all insurable risks identified by the County. Each Pool member jointly and severally agrees to assume, pay and discharge any liability. The County and School Board pay the Pool contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County and School Board contribute to carry commercial insurance for all other risks of losses. Settled claims from these risks have not exceeded commercial coverage in any of the last three fiscal years.

Health Insurance

County employees, retirees and employee dependents are eligible for medical benefits from a County-held self-insurance plan. Funding is provided by charges to County departments, employees, and retirees. The program is supplemented by stop loss protection, which limits the County’s annual liability.

The County records an estimated liability for indemnity healthcare claims. Prior to fiscal year 2015, the liability was recorded in the respective fund; however, during fiscal year 2015, the County established a separate Self-Insurance Fund to account for this activity. The following represents the changes in the fund’s claim liability for 2015 through 2021.

Fiscal Year Ended	Beginning Liability	Claims and Changes		Ending Liability
		in Estimates	Claim Payments	
June 30, 2015	\$ 137,587	\$ 542,776	\$ 532,388	\$ 147,975
June 30, 2016	147,975	578,945	524,471	202,449
June 30, 2017	202,449	1,838,776	1,822,271	218,954
June 30, 2018	218,954	2,494,257	2,471,787	241,424
June 30, 2019	241,424	2,659,331	2,642,623	258,132
June 30, 2020	258,132	3,077,575	2,900,772	434,935
June 30, 2021	434,935	3,190,782	3,470,523	155,194

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the Code of Virginia, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF CAROLINE, VIRGINIA**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)****NOTE 14—PENSION PLANS: (CONTINUED)*****Average Final Compensation and Service Retirement Multiplier***

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	200	48
Inactive members:		
Vested inactive members	68	9
Non-vested inactive members	141	16
Inactive members active elsewhere in VRS	274	11
Total inactive members	483	36
Active members	256	50
Total covered employees	939	134

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2021 was 7.35% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$881,488 and \$1,158,551 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually employer required contribution rate for nonprofessional employees for the year ended June 30, 2021 was 4.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$61,873 and \$42,388 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (asset) (NPL(A)) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County's and Component Unit School Board's (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) - Non-Hazardous Duty: 15% of deaths are assumed to be service related
Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Discount Rate (Continued)

actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 55,064,999	\$ 56,788,557	\$ (1,723,558)
Changes for the year:			
Service cost	\$ 1,535,494	\$ -	\$ 1,535,494
Interest	3,633,961	-	3,633,961
Difference between expected and actual experience	901,720	-	901,720
Contributions - employer	-	1,155,638	(1,155,638)
Contributions - employee	-	635,027	(635,027)
Net investment income	-	1,091,507	(1,091,507)
Benefit payments, including refunds of employee contributions	(2,457,078)	(2,457,078)	-
Administrative expense	-	(36,639)	36,639
Other changes	-	(1,289)	1,289
Net changes	\$ 3,614,097	\$ 387,166	\$ 3,226,931
Balances at June 30, 2020	\$ 58,679,096	\$ 57,175,723	\$ 1,503,373

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 5,353,397	\$ 5,493,663	\$ (140,266)
Changes for the year:			
Service cost	\$ 136,398	\$ -	\$ 136,398
Interest	351,048	-	351,048
Difference between expected and actual experience	(21,708)	-	(21,708)
Contributions - employer	-	41,997	(41,997)
Contributions - employee	-	61,293	(61,293)
Net investment income	-	103,896	(103,896)
Benefit payments, including refunds of employee contributions	(305,380)	(305,380)	-
Administrative expense	-	(3,643)	3,643
Other changes	-	(122)	122
Net changes	\$ 160,358	\$ (101,959)	\$ 262,317
Balances at June 30, 2020	\$ 5,513,755	\$ 5,391,704	\$ 122,051

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
County's			
Net Pension Liability (Asset)	\$ 9,460,368	\$ 1,503,373	\$ (5,049,711)
Component Unit School Board's (nonprofessional)			
Net Pension Liability (Asset)	\$ 699,642	\$ 122,051	\$ (365,723)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,730,871 and \$158,135 respectively. At June 30, 2021, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 504,487	\$ 34,565	\$ 7,870	\$ 13,601
Changes of assumptions	319,383	-	33,350	-
Net difference between projected and actual earnings on pension plan investments	1,706,542	-	161,125	-
Employer contributions subsequent to the measurement date	881,488	-	61,873	-
Total	<u>\$ 3,411,900</u>	<u>\$ 34,565</u>	<u>\$ 264,218</u>	<u>\$ 13,601</u>

\$881,488 and \$61,873 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction of (increase to) the Net Pension Liability (Asset) in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$ 742,365	\$ 35,049
2023	637,468	46,100
2024	572,425	55,601
2025	543,589	51,994
2026	-	-
Thereafter	-	-

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the system). Additional information related to the plan description is included in the first section of this note.

Contributions

The contribution requirement for active employees is governed by §51.1-145 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

Each School Division's contractually required employer contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$3,627,908 and \$3,264,607 for the years ended June 30, 2021 and June 30, 2020, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the school division reported a liability of \$35,752,892 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was 0.24570% as compared to 0.25458% at June 30, 2019.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2021, the school division recognized pension expense of \$3,821,465. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,095,665
Change of assumptions	2,440,583	-
Net difference between projected and actual earnings on pension plan investments	2,719,403	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	109,274	1,348,434
Employer contributions subsequent to the measurement date	<u>3,627,908</u>	<u>-</u>
Total	<u>\$ 8,897,168</u>	<u>\$ 3,444,099</u>

\$3,627,908 reported as deferred outflows of resources related to pensions resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2022	\$ (240,422)
2023	633,801
2024	864,676
2025	657,757
2026	(90,655)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:
RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:
RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		<u>Teacher Employee Retirement Plan</u>
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the System's notes to the financial statements and required supplementary information.

The long-term expected rate of return and discount rate information previously described also apply to this plan.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset)	\$ 52,457,522	\$ 35,752,892	\$ 21,936,051

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Aggregate Pension Information

	Primary Government				Component Unit School Board			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 3,411,900	\$ 34,565	\$ 1,503,373	\$ 1,730,871	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	264,218	13,601	122,051	158,135
School Board Professional	-	-	-	-	8,897,168	3,444,099	35,752,892	3,821,465
Totals	\$ 3,411,900	\$ 34,565	\$ 1,503,373	\$ 1,730,871	\$ 9,161,386	\$ 3,457,700	\$ 35,874,943	\$ 3,979,600

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Plan. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

Benefit Amounts

The GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Contributions (Continued)

year, with an additional amount to finance any unfunded accrued liability. Contributions to the Group Life Insurance Plan from the County were \$69,703 and \$68,267 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$122,696 and \$112,551, for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$8,138 and \$6,773 for the years ended June 30, 2021 and June 30, 2020, respectively.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2021, the County reported a liability of \$1,064,550 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,755,115 and \$105,637, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was 0.06380% as compared to 0.08047% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was 0.10520% and 0.00630%, respectively as compared to 0.10984% and 0.00705% respectively at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of (\$5,861). For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$58,323. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$1,468. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

At June 30, 2021, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 68,281	\$ 9,562	\$ 112,574	\$ 15,764	\$ 6,776	\$ 948
Net difference between projected and actual earnings on GLI OPEB plan investments	31,978	-	52,722	-	3,173	-
Change of assumptions	53,240	22,228	87,776	36,648	5,283	2,206
Changes in proportionate share	243,223	212,827	15,416	80,933	2,752	16,596
Employer contributions subsequent to the measurement date	69,703	-	122,696	-	8,138	-
Total	\$ 466,425	\$ 244,617	\$ 391,184	\$ 133,345	\$ 26,122	\$ 19,750

\$69,703, \$122,696 and \$8,138, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
Year Ended June 30			
2022	\$ 38,019	\$ 17,829	\$ (970)
2023	47,050	32,718	(73)
2024	53,312	42,847	124
2025	41,230	41,773	579
2026	(18,754)	1,598	(1,086)
Thereafter	(8,752)	(1,622)	(340)

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Teachers	3.50%-5.95%
Locality - General employees	3.50%-5.35%
Locality - Hazardous Duty employees	3.50%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020 115% of rates for males and females.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020 males set forward 2 years; unisex using 100% male.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability (Asset)	\$ 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

The total GLI OPEB liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

The following presents the employer's proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan			
Net OPEB Liability	\$ 1,399,433	\$ 1,064,550	\$ 792,594
Component School Board (professional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 2,307,233	\$ 1,755,115	\$ 1,306,743
Component School Board (nonprofessional)'s proportionate share of the GLI Plan			
Net OPEB Liability	\$ 138,868	\$ 105,637	\$ 78,651

GLI Plan Fiduciary Net Position

Detailed information about the GLI Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Plan Description (Continued)

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>-</u>
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	<u>-</u>
Active members	50
Total covered employees	<u>50</u>

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The School Board’s contractually required employer contribution rate for the year ended June 30, 2021 was 0.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board to the HIC Plan was \$12,033 for the year ended June 30, 2021.

Net HIC OPEB Liability

The School Board’s net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation:	
Locality - General employees	3.50%-5.35%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Benefit changes	\$ 158,778	\$ -	\$ 158,778
Net changes	\$ 158,778	\$ -	\$ 158,778
Balances at June 30, 2020	\$ 158,778	\$ -	\$ 158,778

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the School Board's HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the School Board's HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the School Board's net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School Board's			
Net HIC OPEB Liability	\$ 173,689	\$ 158,778	\$ 145,856

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2021, the School Board recognized HIC Plan OPEB expense of \$158,778. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to the School Board's HIC Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to the measurement date	\$ 12,033	\$ -
Total	\$ 12,033	\$ -

\$12,033 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2022.

HIC Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

The Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Plan. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$274,750 and \$259,437 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2021, the school division reported a liability of \$3,217,068 for its proportionate share of the VRS Teacher Employee HIC Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2020 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC Plan was 0.24661% as compared to 0.25609% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC OPEB expense of \$246,696. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 42,963
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	14,257	-
Change of assumptions	63,597	17,577
Changes in proportionate share	27,054	158,215
Employer contributions subsequent to the measurement date	<u>274,750</u>	<u>-</u>
Total	<u>\$ 379,658</u>	<u>\$ 218,755</u>

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC OPEB: (Continued)

\$274,750 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2022	\$	(16,761)
2023		(15,348)
2024		(15,822)
2025		(17,217)
2026		(20,774)
Thereafter		(27,925)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Inflation	2.50%
Salary increases, including inflation	3.50%-5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the VRS System investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of VRS System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 17—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the VRS Teacher Employee HIC Plan net HIC OPEB liability using the discount rate of 6.75%, as well as what the school division's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan Net HIC OPEB Liability	\$ 3,601,173	\$ 3,217,068	\$ 2,890,608

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee HIC Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Comprehensive Annual Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 18—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN):

County and School Board

Plan Description

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Caroline Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Caroline County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 18—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Benefits Provided

Postemployment benefits that are provided to eligible County retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Postemployment benefits that are provided to eligible School Board retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits.

Plan Membership

At June 30, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	240	650
Total retirees and spouses with coverage	7	39
Total	247	689

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board. The amount paid by the County and the School Board for OPEB as the benefits came due during the year ended June 30, 2021 was \$34,611 and \$590,466.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019.

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COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 18—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Discount Rate	2.16%
Actuarial cost method	Entry Age Normal
Medical Trend Rate - County	2.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Medical Trend Rate - School Board	10.80% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.
Salary Increases	Graded Scale

In setting the assumed rates of retirement, mortality, withdrawal, and disability, actuaries relied on the most recent experience study performed for VRS. This study examined actual VRS experience over the four-year period ending June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the Bond Buyer 20-Year General Obligation 20-Bond Municipal Index.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 1,603,210	\$ 10,480,720
Changes for the year:		
Service cost	75,098	672,307
Interest	36,711	239,993
Changes of assumptions	9,261	39,230
Benefit payments	(34,611)	(590,466)
Net changes	\$ 86,459	\$ 361,064
Balances at June 30, 2021	\$ 1,689,669	\$ 10,841,784

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 18—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.16%) or one percentage point higher (3.16%) than the current discount rate:

	Rate		
	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Primary Government:			
Total OPEB liability	\$ 1,888,568	\$ 1,689,669	\$ 1,515,717
Component Unit School Board:			
Total OPEB liability	\$ 11,640,870	\$ 10,841,784	\$ 10,073,349

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	Rates		
	1% Decrease	Current Trend Rate	1% Increase
Primary Government:			
Total OPEB liability	\$ 1,444,672	\$ 1,689,669	\$ 1,990,087
	Rates		
	1% Decrease	Current Trend Rate	1% Increase
Component Unit School Board:			
Total OPEB liability	\$ 9,375,645	\$ 10,841,784	\$ 12,605,103

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 18—MEDICAL AND DENTAL INSURANCE - PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$166,765 and \$1,220,730. At June 30, 2021, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 54,287	\$ 882,628	\$ -
Changes in assumptions	272,248	5,676	1,006,430	67,258
Total	<u>\$ 272,248</u>	<u>\$ 59,963</u>	<u>\$ 1,889,058</u>	<u>\$ 67,258</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board</u>
2022	\$ 53,145	\$ 308,430
2023	51,336	311,974
2024	51,336	300,349
2025	51,336	300,349
2026	5,132	300,349
Thereafter	-	300,349

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTE 19—LINE OF DUTY ACT (LODA) (OPEB BENEFITS):

The Line of Duty Act (LODA) provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. Funding of LODA benefits is provided by employers in one of two ways: (a) participation in the Line of Duty and Health Benefits Trust Fund (LODA Fund), administered by the Virginia Retirement System (VRS) or (b) self-funding by the employer or through an insurance company.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 19—LINE OF DUTY ACT (LODA) (OPEB BENEFITS): (CONTINUED)

The County has elected to provide LODA benefits through an insurance company. The obligation for the payment of benefits has been effectively transferred from the County to VACORP. VACORP assumes all liability for the County's LODA claims that are approved by VRS. The pool purchases reinsurance to protect the pool from extreme claims costs.

The current-year OPEB expense/expenditure for the insured benefits is defined as the amount of premiums or other payments required for the insured benefits for the reporting period in accordance with the agreement with the insurance company for LODA and a change in liability to the insurer equal to the difference between amounts recognized as OPEB expense and amounts paid by the employer to the insurer. The County's LODA coverage is fully covered or "insured" through VACORP. This is built into the LODA coverage cost presented in the annual renewals. The County's LODA premium for the year ended June 30, 2021 was \$73,305.

NOTE 20—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
Group Life Insurance Plan (Note 15):								
County	\$ 466,425	\$ 244,617	\$ 1,064,550	\$ (5,861)	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	26,122	19,750	105,637	1,468
School Board Professional	-	-	-	-	391,184	133,345	1,755,115	58,323
School Board Insurance Credit Plan Nonprofessional (Note 16)	-	-	-	-	12,033	-	158,778	158,778
Teacher Health Insurance Credit Plan (Note 17)	-	-	-	-	379,658	218,755	3,217,068	246,696
Line of Duty Act Plan (Note 19)	-	-	-	73,305	-	-	-	-
County Stand-Alone Plan (Note 18)	272,248	59,963	1,689,669	166,765	-	-	-	-
School Stand-Alone Plan (Note 18)	-	-	-	-	1,889,058	67,258	10,841,784	1,220,730
Totals	\$ 738,673	\$ 304,580	\$ 2,754,219	\$ 234,209	\$ 2,698,055	\$ 439,108	\$ 16,078,382	\$ 1,685,995

Note 21—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the following restatement of net position:

NOTE 22—UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 22—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

Statement No. 93, *Replacement of Interbank Offered Rates*, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 22—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

NOTE 23—RESTATEMENT OF NET POSITION AND FUND BALANCE:

The following adjustments have been made to beginning balances to properly report Fiduciary Activities and beginning net position and fund balance at June 30, 2021:

	Net Position		Fund Balance		
	Component Unit	Component Unit	Primary Government - Custodial Funds		
		Special Revenue Fund -		Four Rivers Technology in	
	School Board	School Activity	Special Welfare	Education Consortium	Deposit Escrow
Net Position/Fund Balance, June 30, 2020, as previously stated	\$ (32,751,049)	\$ -	\$ -	\$ -	\$ -
Restatement:					
Implementation of GASB 84	404,887	404,887	41,155	38,704	1,195,301
Net Position/Fund Balance, July 1, 2020, as restated	\$ (32,346,162)	\$ 404,887	\$ 41,155	\$ 38,704	\$ 1,195,301

NOTE 24—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$5,361,276. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$708,838. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$0 are reported as unearned revenue as of June 30.

COUNTY OF CAROLINE, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 24—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS: (CONTINUED)

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later.

On May 19, 2021, the County received its share of the first half of the CSLFRF fund in the amount of \$2,983,986. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent funds in the amount of \$2,872,568 from the initial allocation are reported as unearned revenue as of June 30, 2021.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget -
	Original	Final	Actual Amounts	Positive (Negative)
REVENUES				
General property taxes	\$ 37,401,803	\$ 37,401,803	\$ 39,368,959	\$ 1,967,156
Other local taxes	4,104,867	4,104,867	5,983,821	1,878,954
Permits, privilege fees, and regulatory licenses	438,540	438,540	920,108	481,568
Fines and forfeitures	534,440	534,440	151,485	(382,955)
Revenue from the use of money and property	454,602	454,602	70,368	(384,234)
Charges for services	1,574,453	1,574,453	1,386,956	(187,497)
Miscellaneous	265,007	276,007	376,688	100,681
Recovered costs	604,822	604,822	657,475	52,653
Intergovernmental:				
Commonwealth	5,753,423	5,790,014	5,785,130	(4,884)
Federal	70,231	70,231	33,206	(37,025)
Total revenues	<u>\$ 51,202,188</u>	<u>\$ 51,249,779</u>	<u>\$ 54,734,196</u>	<u>\$ 3,484,417</u>
EXPENDITURES				
Current:				
General government administration	\$ 4,152,044	\$ 4,271,402	\$ 4,073,730	\$ 197,672
Judicial administration	1,505,024	1,513,157	1,400,575	112,582
Public safety	15,302,578	15,889,297	12,784,507	3,104,790
Public works	6,838,917	7,051,138	6,233,295	817,843
Health and welfare	558,324	559,324	523,402	35,922
Education	15,495,550	13,711,057	13,711,057	-
Parks, recreation, and cultural	1,063,474	1,080,264	917,997	162,267
Community development	1,782,042	1,789,068	1,688,903	100,165
Total expenditures	<u>\$ 46,697,953</u>	<u>\$ 45,864,707</u>	<u>\$ 41,333,466</u>	<u>\$ 4,531,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,504,235</u>	<u>\$ 5,385,072</u>	<u>\$ 13,400,730</u>	<u>\$ 8,015,658</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 955,800	\$ 1,242,925	\$ 15,323	\$ (1,227,602)
Transfers out	(8,802,546)	(9,168,689)	(7,835,666)	1,333,023
Proceeds of capital leases	2,660,000	2,745,000	-	(2,745,000)
Total other financing sources (uses)	<u>\$ (5,186,746)</u>	<u>\$ (5,180,764)</u>	<u>\$ (7,820,343)</u>	<u>\$ (2,639,579)</u>
Net change in fund balances	\$ (682,511)	\$ 204,308	\$ 5,580,387	\$ 5,376,079
Fund balances - beginning	682,511	49,454	23,000,249	22,950,795
Fund balances - ending	<u>\$ -</u>	<u>\$ 253,762</u>	<u>\$ 28,580,636</u>	<u>\$ 28,326,874</u>

Virginia Public Assistance Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	\$ -	\$ -	\$ 4,862	\$ 4,862
Intergovernmental:				
Commonwealth	1,127,915	1,127,915	767,992	(359,923)
Federal	1,557,597	1,557,597	1,649,613	92,016
Total revenues	<u>\$ 2,685,512</u>	<u>\$ 2,685,512</u>	<u>\$ 2,422,467</u>	<u>\$ (263,045)</u>
EXPENDITURES				
Current:				
Health and welfare	\$ 3,213,105	\$ 3,248,176	\$ 2,893,961	\$ 354,215
Total expenditures	<u>\$ 3,213,105</u>	<u>\$ 3,248,176</u>	<u>\$ 2,893,961</u>	<u>\$ 354,215</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (527,593)</u>	<u>\$ (562,664)</u>	<u>\$ (471,494)</u>	<u>\$ 91,170</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 527,593	\$ 547,789	\$ 520,771	\$ (27,018)
Transfers out	-	(1,005)	-	1,005
Total other financing sources (uses)	<u>\$ 527,593</u>	<u>\$ 546,784</u>	<u>\$ 520,771</u>	<u>\$ (26,013)</u>
Net change in fund balances	\$ -	\$ (15,880)	\$ 49,277	\$ 65,157
Fund balances - beginning	-	15,880	104,373	88,493
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,650</u>	<u>\$ 153,650</u>

Proffers Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 750	\$ 750	\$ 729	\$ (21)
Miscellaneous	55,000	55,000	273,113	218,113
Total revenues	<u>\$ 55,750</u>	<u>\$ 55,750</u>	<u>\$ 273,842</u>	<u>\$ 218,092</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (55,750)	\$ (55,750)	\$ -	\$ 55,750
Total other financing sources (uses)	<u>\$ (55,750)</u>	<u>\$ (55,750)</u>	<u>\$ -</u>	<u>\$ 55,750</u>
Net change in fund balances	\$ -	\$ -	\$ 273,842	\$ 273,842
Fund balances - beginning	-	-	757,588	757,588
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,031,430</u>	<u>\$ 1,031,430</u>

COUNTY OF CAROLINE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 1,535,494	\$ 1,481,996
Interest	3,633,961	3,474,793
Changes of assumptions	-	1,678,455
Difference between expected and actual experience	901,720	(181,649)
Benefit payments	(2,457,078)	(2,056,998)
Net change in total pension liability	\$ 3,614,097	\$ 4,396,597
Total pension liability - beginning	55,064,999	50,668,402
Total pension liability - ending (a)	\$ 58,679,096	\$ 55,064,999
Plan fiduciary net position		
Contributions - employer	\$ 1,155,638	\$ 1,394,668
Contributions - employee	635,027	779,833
Net investment income	1,091,507	3,577,752
Benefit payments	(2,457,078)	(2,056,998)
Administrator charges	(36,639)	(34,270)
Other	(1,289)	(2,266)
Net change in plan fiduciary net position	\$ 387,166	\$ 3,658,719
Plan fiduciary net position - beginning, as restated	56,788,557	53,129,838
Plan fiduciary net position - ending (b)	\$ 57,175,723	\$ 56,788,557
County's net pension liability - ending (a) - (b)	\$ 1,503,373	\$ (1,723,558)
Plan fiduciary net position as a percentage of the total pension liability	97.44%	103.13%
Covered payroll	\$ 13,128,214	\$ 15,636,529
County's net pension liability as a percentage of covered payroll	11.45%	-11.02%

The beginning net position at July 1, 2017 was restated to include the activity of the Peumansend Creek Regional Jail after its closure. For GASB 68 reporting, the VRS Actuary consolidated the beginning balances, deferred inflows and deferred outflows at July 1, 2017.

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 15

	2018		2017		2016		2015		2014
\$	1,538,835	\$	1,322,358	\$	1,315,617	\$	1,268,316	\$	1,235,508
	3,443,422		2,388,469		2,280,789		2,133,282		1,988,555
	-		(233,781)		-		-		-
	(2,476,536)		(402,886)		(710,814)		(105,098)		-
	(2,058,127)		(1,377,034)		(1,317,577)		(1,060,932)		(1,252,134)
\$	447,594	\$	1,697,126	\$	1,568,015	\$	2,235,568	\$	1,971,929
	50,220,808		34,809,501		33,241,486		31,005,918		29,033,989
\$	50,668,402	\$	36,506,627	\$	34,809,501	\$	33,241,486	\$	31,005,918
\$	1,070,190	\$	935,246	\$	1,054,497	\$	1,035,823	\$	1,130,296
	606,816		534,202		513,189		490,688		529,552
	3,686,625		3,886,201		549,598		1,352,878		3,930,748
	(2,058,127)		(1,377,034)		(1,317,577)		(1,060,932)		(1,252,134)
	(31,508)		(21,938)		(18,864)		(17,793)		(20,616)
	(3,297)		(3,475)		(231)		(289)		207
\$	3,270,699	\$	3,953,202	\$	780,612	\$	1,800,375	\$	4,318,053
	49,859,139		31,609,917		30,829,305		29,028,930		24,710,877
\$	53,129,838	\$	35,563,119	\$	31,609,917	\$	30,829,305	\$	29,028,930
\$	(2,461,436)	\$	943,508	\$	3,199,584	\$	2,412,181	\$	1,976,988
	104.86%		97.42%		90.81%		92.74%		93.62%
\$	12,223,133	\$	10,622,138	\$	10,121,380	\$	9,873,655	\$	9,776,909
	-20.14%		8.88%		31.61%		24.43%		20.22%

COUNTY OF CAROLINE, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 136,398	\$ 121,390
Interest	351,048	342,048
Changes of assumptions	-	131,436
Difference between expected and actual experience	(21,708)	31,018
Benefit payments	(305,380)	(317,776)
Net change in total pension liability	\$ 160,358	\$ 308,116
Total pension liability - beginning	5,353,397	5,045,281
Total pension liability - ending (a)	<u>\$ 5,513,755</u>	<u>\$ 5,353,397</u>
 Plan fiduciary net position		
Contributions - employer	\$ 41,997	\$ 45,420
Contributions - employee	61,293	64,818
Net investment income	103,896	349,463
Benefit payments	(305,380)	(317,776)
Administrator charges	(3,643)	(3,597)
Other	(122)	(219)
Net change in plan fiduciary net position	\$ (101,959)	\$ 138,109
Plan fiduciary net position - beginning	5,493,663	5,355,554
Plan fiduciary net position - ending (b)	<u>\$ 5,391,704</u>	<u>\$ 5,493,663</u>
 School Division's net pension liability (asset) - ending (a) - (b)	\$ 122,051	\$ (140,266)
 Plan fiduciary net position as a percentage of the total pension liability	97.79%	102.62%
 Covered payroll	\$ 1,298,925	\$ 1,361,896
 School Division's net pension liability (asset) as a percentage of covered payroll	9.40%	-10.30%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 16

	2018		2017		2016		2015		2014
\$	123,863	\$	133,441	\$	153,443	\$	149,404	\$	150,905
	334,384		330,501		320,673		324,711		314,768
	-		(43,484)		-		-		-
	(22,287)		(47,939)		18,143		(153,442)		-
	(335,183)		(298,923)		(404,793)		(351,906)		(295,363)
\$	100,777	\$	73,596	\$	87,466	\$	(31,233)	\$	170,310
	4,944,504		4,870,908		4,783,442		4,814,675		4,644,365
\$	<u>5,045,281</u>	\$	<u>4,944,504</u>	\$	<u>4,870,908</u>	\$	<u>4,783,442</u>	\$	<u>4,814,675</u>
\$	67,242	\$	71,009	\$	60,039	\$	98,179	\$	128,159
	66,330		69,626		46,198		68,865		66,968
	377,177		573,732		80,716		221,665		682,678
	(335,183)		(298,923)		(404,793)		(351,906)		(295,363)
	(3,358)		(3,400)		(3,193)		(3,169)		(3,726)
	(332)		(507)		(35)		(45)		36
\$	171,876	\$	411,537	\$	(221,068)	\$	33,589	\$	578,752
	5,183,678		4,772,141		4,993,209		4,959,620		4,380,868
\$	<u>5,355,554</u>	\$	<u>5,183,678</u>	\$	<u>4,772,141</u>	\$	<u>4,993,209</u>	\$	<u>4,959,620</u>
\$	(310,273)	\$	(239,174)	\$	98,767	\$	(209,767)	\$	(144,945)
	106.15%		104.84%		97.97%		104.39%		103.01%
\$	1,383,281	\$	1,440,998	\$	1,332,950	\$	1,393,169	\$	1,342,563
	-22.43%		-16.60%		7.41%		-15.06%		-10.80%

COUNTY OF CAROLINE, VIRGINIA

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.24570%	0.25458%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 35,752,892	\$ 33,504,175
Employer's Covered Payroll	21,619,772	21,632,911
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	165.37%	154.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 17

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.25921%	0.25981%	0.25725%	0.25632%	0.25288%
\$ 30,483,000	\$ 31,951,000	\$ 36,052,000	\$ 32,261,000	\$ 30,560,000	
21,373,776	20,703,961	19,594,595	14,871,331	20,468,405	
	142.62%	154.32%	183.99%	216.93%	149.30%
	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
	(1)	(2)	(3)	(4)	(5)
Primary Government					
2021	\$ 881,488	\$ 881,488	\$ -	\$ 12,827,675	6.87%
2020	1,158,551	1,158,551	-	13,128,214	8.82%
2019	1,393,678	1,393,678	-	15,636,529	8.91%
2018	1,071,076	1,071,076	-	12,223,133	8.76%
2017	958,117	958,117	-	10,622,138	9.02%
2016	1,066,793	1,066,793	-	10,121,380	10.54%
2015	1,040,683	1,040,683	-	9,873,655	10.54%
2014	1,130,211	1,130,211	-	9,776,909	11.56%
2013	1,075,027	1,075,027	-	9,299,541	11.56%
2012	746,934	746,934	-	8,839,458	8.45%
Component Unit School Board (nonprofessional)					
2021	\$ 61,873	\$ 61,873	\$ -	\$ 1,504,066	4.11%
2020	42,388	42,388	-	1,298,925	3.26%
2019	45,910	45,910	-	1,361,896	3.37%
2018	67,671	67,671	-	1,383,281	4.89%
2017	75,652	75,652	-	1,440,998	5.25%
2016	94,140	94,140	-	1,332,950	7.06%
2015	98,497	98,497	-	1,393,169	7.07%
2014	128,349	128,349	-	1,342,563	9.56%
2013	127,812	127,812	-	1,336,951	9.56%
2012	77,773	77,773	-	1,248,360	6.23%
Component Unit School Board (professional)					
2021	\$ 3,627,908	\$ 3,627,908	\$ -	\$ 22,706,582	15.98%
2020	3,264,607	3,264,607	-	21,619,772	15.10%
2019	3,259,196	3,259,196	-	21,632,911	15.07%
2018	3,353,929	3,353,929	-	21,373,776	15.69%
2017	3,027,810	3,027,810	-	20,703,961	14.62%
2016	2,755,000	2,755,000	-	19,594,595	14.06%
2015	2,156,343	2,156,343	-	14,871,331	14.50%
2014	2,386,616	2,386,616	-	20,468,405	11.66%
2013	1,776,015	1,776,015	-	15,231,690	11.66%
2012	1,812,374	1,812,374	-	15,543,516	11.66%

Current year contributions are from internal records and prior year contributions are from the VRS actuarial valuation performed each year.

Notes to Required Supplementary Information
 Pension Plans
 For the Year Ended June 30, 2021

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

All Others (Non-10 Largest) - Non-Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non-10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County's Share of Net OPEB Liability
 Group Life Insurance (GLI) Plan
 For the Measurement Dates of June 30, 2017 through 2020

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2020	0.06380% \$	1,064,550 \$	13,128,214	8.11%	52.64%
2019	0.08047%	1,309,461	15,775,548	8.30%	52.00%
2018	0.06429%	977,000	12,225,710	7.99%	51.22%
2017	0.05762%	867,000	10,627,798	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2020	0.00630% \$	105,637 \$	1,302,541	8.11%	52.64%
2019	0.00705%	114,722	1,382,646	8.30%	52.00%
2018	0.00727%	110,000	1,383,281	7.95%	51.22%
2017	0.00781%	118,000	1,440,998	8.19%	48.86%
Component Unit School Board (professional):					
2020	0.10520% \$	1,755,115 \$	21,644,486	8.11%	52.64%
2019	0.10984%	1,787,389	21,531,862	8.30%	52.00%
2018	0.11123%	1,689,000	21,151,187	7.99%	51.22%
2017	0.11197%	1,685,000	20,653,533	8.16%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2021	\$ 69,703	\$ 69,703	\$ -	\$ 12,907,892	0.54%
2020	68,267	68,267	-	13,128,214	0.52%
2019	82,033	82,033	-	15,775,548	0.52%
2018	63,574	63,574	-	12,225,710	0.52%
2017	55,265	55,265	-	10,627,798	0.52%
2016	48,599	48,599	-	10,124,824	0.48%
2015	47,429	47,429	-	9,881,046	0.48%
2014	46,958	46,958	-	9,782,957	0.48%
2013	44,753	44,753	-	9,323,518	0.48%
2012	24,795	24,795	-	8,855,425	0.28%
Component Unit School Board (nonprofessional):					
2021	\$ 8,138	\$ 8,138	\$ -	\$ 1,506,962	0.54%
2020	6,773	6,773	-	1,302,541	0.52%
2019	7,190	7,190	-	1,382,646	0.52%
2018	7,193	7,193	-	1,383,281	0.52%
2017	7,493	7,493	-	1,440,998	0.52%
2016	6,398	6,398	-	1,332,950	0.48%
2015	6,687	6,687	-	1,393,169	0.48%
2014	6,444	6,444	-	1,342,563	0.48%
2013	6,450	6,450	-	1,343,763	0.48%
2012	3,530	3,530	-	1,260,877	0.28%
Component Unit School Board (professional):					
2021	\$ 122,696	\$ 122,696	\$ -	\$ 22,721,398	0.54%
2020	112,551	112,551	-	21,644,486	0.52%
2019	111,966	111,966	-	21,531,862	0.52%
2018	109,986	109,986	-	21,151,187	0.52%
2017	107,398	107,398	-	20,653,533	0.52%
2016	94,520	94,520	-	19,691,658	0.48%
2015	91,753	91,753	-	19,115,185	0.48%
2014	89,081	89,081	-	18,558,634	0.48%
2013	89,650	89,650	-	18,677,168	0.48%
2012	49,658	49,658	-	17,734,888	0.28%

Notes to Required Supplementary Information
Group Life Insurance (GLI) Plan
For the Year Ended June 30, 2021

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in the School Board's Net OPEB Liability and Related Ratios

Health Insurance Credit (HIC) Plan

Component Unit School Board (nonprofessional)

For the Measurement Date of June 30, 2020

	2020
Total HIC OPEB Liability	
Changes in benefit terms	\$ 158,778
Benefit payments	-
Net change in total HIC OPEB liability	\$ 158,778
Total HIC OPEB Liability - beginning	-
Total HIC OPEB Liability - ending (a)	\$ 158,778
 Net change in plan fiduciary net position	 \$ -
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	\$ -
 School Board's net HIC OPEB liability - ending (a) - (b)	 \$ 158,778
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	 0.00%
 Covered payroll	 \$ -
 School Board's net HIC OPEB liability as a percentage of covered payroll	 0.00%

Schedule is intended to show information for 10 years. Information prior to the 2020 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Year Ended June 30, 2021

Date	Contributions in Relation to					Contributions as a % of Covered Payroll (5)
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)		
2021	\$ 12,033	\$ 12,033	\$ -	\$ 1,504,066		0.80%

Schedule is intended to show information for 10 years. However, the program was not utilized until the year ended June 30, 2021.

Notes to Required Supplementary Information
 Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County School Board's Share of Net OPEB Liability
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Measurement Dates of June 30, 2017 through 2020

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2020	0.24661%	\$ 3,217,068	\$ 21,619,772	14.88%	9.95%
2019	0.25609%	\$ 3,352,467	\$ 21,480,123	15.61%	8.97%
2018	0.26116%	3,315,000	21,121,292	15.70%	8.08%
2017	0.26170%	3,320,000	20,653,533	16.07%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2012 through June 30, 2021

Date	Contributions in Relation to		Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution (1)	Contractually Required Contribution (2)			
2021	\$ 274,750	\$ 274,750	\$ -	\$ 22,706,582	1.21%
2020	259,437	259,437	-	21,619,772	1.20%
2019	257,761	257,761	-	21,480,123	1.20%
2018	259,792	259,792	-	21,121,292	1.23%
2017	229,254	229,254	-	20,653,533	1.11%
2016	207,922	207,922	-	19,615,237	1.06%
2015	202,005	202,005	-	19,057,060	1.06%
2014	205,278	205,278	-	18,493,509	1.11%
2013	206,880	206,880	-	18,637,878	1.11%
2012	106,318	106,318	-	17,719,619	0.60%

Notes to Required Supplementary Information

Teacher Employee Health Insurance Credit (HIC) Plan

For the Year Ended June 30, 2021

Changes of benefit terms - There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

Changes of assumptions - The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 75,098	\$ 50,939	\$ 43,544	\$ 45,603
Interest	36,711	44,483	44,470	39,799
Changes of assumptions	9,261	382,840	52,395	(51,076)
Differences between expected and actual experience	-	(80,769)	-	-
Benefit payments	(34,611)	(28,353)	(23,580)	(17,029)
Net change in total OPEB liability	\$ 86,459	\$ 369,140	\$ 116,829	\$ 17,297
Total OPEB liability - beginning	1,603,210	1,234,070	1,117,241	1,099,944
Total OPEB liability - ending	\$ 1,689,669	\$ 1,603,210	\$ 1,234,070	\$ 1,117,241
 Covered payroll	 \$ 15,471,470	 \$ 12,322,278	 \$ 10,892,500	 \$ 10,892,500
 County's total OPEB liability (asset) as a percentage of covered payroll	 10.92%	 13.01%	 11.33%	 10.26%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Component Unit School Board

For the Measurement Dates of June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 672,307	\$ 564,228	\$ 510,600	\$ 520,808
Interest	239,993	284,933	294,790	263,614
Changes of assumptions	39,230	1,181,120	217,407	(208,858)
Differences between expected and actual experience	-	1,176,838	-	-
Benefit payments	(590,466)	(601,048)	(504,902)	(455,710)
Net change in total OPEB liability	\$ 361,064	\$ 2,606,071	\$ 517,895	\$ 119,854
Total OPEB liability - beginning	10,480,720	7,874,649	7,356,754	7,236,900
Total OPEB liability - ending	\$ 10,841,784	\$ 10,480,720	\$ 7,874,649	\$ 7,356,754
 Covered payroll	 \$ 23,376,697	 \$ 24,743,166	 \$ 24,975,600	 \$ 24,975,600
 School Board's total OPEB liability (asset) as a percentage of covered payroll	 46.38%	 42.36%	 31.53%	 29.46%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - Primary Government OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2019

Measurement Date: 6/30/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.16% based on the Bond Buyer 20-Year Bond GO Municipal Index
Inflation	2.50% per year as of June 30, 2021
Healthcare Trend Rate	The healthcare trend rate assumption starts at 2.00% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.

Notes to Required Supplementary Information - Component Unit School Board OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2019
Measurement Date: 6/30/2021

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal
Discount Rate	2.16% based on the Bond Buyer 20-Year Bond GO Municipal Index
Inflation	2.50% per year as of June 30, 2021
Healthcare Trend Rate	The healthcare trend rate assumption starts at 10.80% for fiscal 2020, 4.80% for fiscal 2021, 5.20% for fiscal 2022, then grading to an ultimate rate of 4.00% for fiscal 2074.

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Other local taxes	\$ 1,570,308	\$ 1,570,308	\$ 1,723,156	\$ 152,848
Revenue from the use of money and property	111,600	111,600	112,866	1,266
Intergovernmental:				
Commonwealth	332,308	332,308	250,818	(81,490)
Federal	399,688	399,688	663,351	263,663
Total revenues	<u>\$ 2,413,904</u>	<u>\$ 2,413,904</u>	<u>\$ 2,750,191</u>	<u>\$ 336,287</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ 84,636	\$ (84,636)
Debt service:				
Principal retirement	5,393,890	5,393,890	5,335,491	58,399
Interest and other fiscal charges	2,823,658	2,823,658	3,125,570	(301,912)
Bond issuance costs	-	-	545,960	(545,960)
Total expenditures	<u>\$ 8,217,548</u>	<u>\$ 8,217,548</u>	<u>\$ 9,091,657</u>	<u>\$ (874,109)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,803,644)</u>	<u>\$ (5,803,644)</u>	<u>\$ (6,341,466)</u>	<u>\$ (537,822)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 5,691,955	\$ 5,803,643	\$ 6,037,698	\$ 234,055
Issuance of refunding bonds	-	-	17,990,000	17,990,000
Issuance of lease revenue bonds	-	15,985,000	7,965,000	(8,020,000)
Bond issuance premium	-	14,459,698	4,559,048	(9,900,650)
Payment to refunded bond escrow agent	-	(30,444,697)	(21,182,870)	9,261,827
Total other financing sources (uses)	<u>\$ 5,691,955</u>	<u>\$ 5,803,644</u>	<u>\$ 15,368,876</u>	<u>\$ 9,565,232</u>
Net change in fund balances	\$ (111,689)	\$ -	\$ 9,027,410	\$ 9,027,410
Fund balances - beginning	111,689	-	153,760	153,760
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,181,170</u>	<u>\$ 9,181,170</u>

County Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 3,830	\$ 3,830
Miscellaneous	-	-	22,072	22,072
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,902</u>	<u>\$ 25,902</u>
EXPENDITURES				
Capital outlay	\$ 6,431,296	\$ 7,661,858	\$ 2,253,181	\$ 5,408,677
Total expenditures	<u>\$ 6,431,296</u>	<u>\$ 7,661,858</u>	<u>\$ 2,253,181</u>	<u>\$ 5,408,677</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,431,296)</u>	<u>\$ (7,661,858)</u>	<u>\$ (2,227,279)</u>	<u>\$ 5,434,579</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 175,000	\$ 456,870	\$ 243,900	\$ (212,970)
Issuance of bonds	4,650,000	4,650,000	-	(4,650,000)
Issuance of capital lease	1,606,296	1,606,296	1,944,652	338,356
Total other financing sources (uses)	<u>\$ 6,431,296</u>	<u>\$ 6,713,166</u>	<u>\$ 2,188,552</u>	<u>\$ (4,524,614)</u>
Net change in fund balances	\$ -	\$ (948,692)	\$ (38,727)	\$ 909,965
Fund balances - beginning	-	948,692	2,129,817	1,181,125
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,091,090</u>	<u>\$ 2,091,090</u>

COUNTY OF CAROLINE, VIRGINIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue Funds			
	Children's Services	Law Library	Courthouse Maintenance	Tourism
ASSETS				
Cash and cash equivalents	\$ 674	\$ 1,553	\$ 38,477	\$ 128,374
Receivables, net	-	378	826	19,649
Due from other governmental units	203,598	-	-	-
Total assets	<u>\$ 204,272</u>	<u>\$ 1,931</u>	<u>\$ 39,303</u>	<u>\$ 148,023</u>
LIABILITIES				
Accounts payable	\$ 103,414	\$ 479	\$ -	\$ 4,261
Accrued payroll	-	-	-	3,447
Other accrued liabilities	-	-	-	264
Unearned revenue	-	-	-	-
Total liabilities	<u>\$ 103,414</u>	<u>\$ 479</u>	<u>\$ -</u>	<u>\$ 7,972</u>
FUND BALANCES				
Restricted	\$ 100,858	\$ 1,452	\$ 39,303	\$ 140,051
Committed	-	-	-	-
Total fund balances	<u>\$ 100,858</u>	<u>\$ 1,452</u>	<u>\$ 39,303</u>	<u>\$ 140,051</u>
Total liabilities and fund balances	<u>\$ 204,272</u>	<u>\$ 1,931</u>	<u>\$ 39,303</u>	<u>\$ 148,023</u>

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds							Total Nonmajor Governmental Funds
Confiscated Asset	Fire/Rescue Grant	Housing	Sheriff	Detention Facility	CARES Act		
\$ 167,588	\$ 268,172	\$ 22,249	\$ 154,983	\$ 485,131	\$ 2,879,363	\$	4,146,564
-	-	-	597	47,040	-		68,490
-	-	-	-	-	-		203,598
<u>\$ 167,588</u>	<u>\$ 268,172</u>	<u>\$ 22,249</u>	<u>\$ 155,580</u>	<u>\$ 532,171</u>	<u>\$ 2,879,363</u>	<u>\$</u>	<u>4,418,652</u>
\$ 1,080	\$ 3,367	\$ 1,277	\$ 190	\$ -	\$ 4,698	\$	118,766
-	-	-	-	-	-		3,447
-	-	-	-	-	2,097		2,361
-	-	-	-	-	2,872,568		2,872,568
<u>\$ 1,080</u>	<u>\$ 3,367</u>	<u>\$ 1,277</u>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ 2,879,363</u>	<u>\$</u>	<u>2,997,142</u>
\$ 166,508	\$ 264,805	\$ 20,972	\$ 155,390	\$ -	\$ -	\$	889,339
-	-	-	-	532,171	-		532,171
<u>\$ 166,508</u>	<u>\$ 264,805</u>	<u>\$ 20,972</u>	<u>\$ 155,390</u>	<u>\$ 532,171</u>	<u>\$ -</u>	<u>\$</u>	<u>1,421,510</u>
<u>\$ 167,588</u>	<u>\$ 268,172</u>	<u>\$ 22,249</u>	<u>\$ 155,580</u>	<u>\$ 532,171</u>	<u>\$ 2,879,363</u>	<u>\$</u>	<u>4,418,652</u>

COUNTY OF CAROLINE, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2021

	Children's Services	Law Library	Courthouse Maintenance	Tourism
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ 154,194
Revenue from the use of money and property	-	-	-	-
Charges for services	-	4,789	10,214	-
Miscellaneous	9,650	-	-	360
Intergovernmental:				
Commonwealth	1,117,117	-	-	-
Federal	2,523	-	-	-
Total revenues	<u>\$ 1,129,290</u>	<u>\$ 4,789</u>	<u>\$ 10,214</u>	<u>\$ 154,554</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Judicial administration	-	6,706	19,165	-
Public safety	-	-	-	-
Public works	-	-	-	-
Health and welfare	1,657,153	-	-	-
Education	-	-	-	-
Parks, recreation, and cultural	-	-	-	-
Community development	-	-	-	122,705
Total expenditures	<u>\$ 1,657,153</u>	<u>\$ 6,706</u>	<u>\$ 19,165</u>	<u>\$ 122,705</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (527,863)</u>	<u>\$ (1,917)</u>	<u>\$ (8,951)</u>	<u>\$ 31,849</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 565,984	\$ -	\$ -	\$ 1,244
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>\$ 565,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,244</u>
Net change in fund balances	\$ 38,121	\$ (1,917)	\$ (8,951)	\$ 33,093
Fund balances - beginning	62,737	3,369	48,254	106,958
Fund balances - ending	<u>\$ 100,858</u>	<u>\$ 1,452</u>	<u>\$ 39,303</u>	<u>\$ 140,051</u>

The notes to the financial statements are an integral part of this statement.

Special Revenue Funds							Total Nonmajor Governmental Funds
Confiscated Asset	Fire/ Rescue Grant	Housing	Sheriff	Dentention Facility	CARES Act		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	154,194
-	-	2,375	-	748	-	-	3,123
-	-	-	12,511	572,320	-	-	599,834
-	-	-	-	-	-	-	10,010
83,729	167,545	-	-	-	-	-	1,368,391
5,594	-	-	-	-	4,969,325	-	4,977,442
<u>\$ 89,323</u>	<u>\$ 167,545</u>	<u>\$ 2,375</u>	<u>\$ 12,511</u>	<u>\$ 573,068</u>	<u>\$ 4,969,325</u>	<u>\$ -</u>	<u>7,112,994</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 389,414	\$ -	389,414
-	-	-	-	-	-	-	25,871
43,464	53,173	-	32,691	-	2,660,184	-	2,789,512
-	-	-	-	-	877,772	-	877,772
-	-	-	-	-	-	-	1,657,153
-	-	-	-	110,000	1,005,052	-	1,115,052
-	-	-	-	-	8,274	-	8,274
-	-	1,388	-	-	13,306	-	137,399
<u>\$ 43,464</u>	<u>\$ 53,173</u>	<u>\$ 1,388</u>	<u>\$ 32,691</u>	<u>\$ 110,000</u>	<u>\$ 4,954,002</u>	<u>\$ -</u>	<u>7,000,447</u>
<u>\$ 45,859</u>	<u>\$ 114,372</u>	<u>\$ 987</u>	<u>\$ (20,180)</u>	<u>\$ 463,068</u>	<u>\$ 15,323</u>	<u>\$ -</u>	<u>112,547</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	567,228
-	-	-	-	(175,000)	(15,323)	-	(190,323)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (175,000)</u>	<u>\$ (15,323)</u>	<u>\$ -</u>	<u>376,905</u>
\$ 45,859	\$ 114,372	\$ 987	\$ (20,180)	\$ 288,068	\$ -	\$ -	489,452
120,649	150,433	19,985	175,570	244,103	-	-	932,058
<u>\$ 166,508</u>	<u>\$ 264,805</u>	<u>\$ 20,972</u>	<u>\$ 155,390</u>	<u>\$ 532,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,421,510</u>

COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Children's Services Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	8,694	8,694	9,650	956
Intergovernmental:				
Commonwealth	1,549,947	1,549,947	1,117,117	(432,830)
Federal	-	-	2,523	2,523
Total revenues	\$ 1,558,641	\$ 1,558,641	\$ 1,129,290	\$ (429,351)
EXPENDITURES				
Current:				
Judicial administration	\$ -	\$ -	\$ -	\$ -
Health and welfare	2,300,000	2,299,711	1,657,153	642,558
Total expenditures	\$ 2,300,000	\$ 2,299,711	\$ 1,657,153	\$ 642,558
Excess (deficiency) of revenues over (under) expenditures	\$ (741,359)	\$ (741,070)	\$ (527,863)	\$ 213,207
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 741,359	\$ 742,364	\$ 565,984	\$ (176,380)
Transfers out	-	(1,294)	-	1,294
Total other financing sources (uses)	\$ 741,359	\$ 741,070	\$ 565,984	\$ (175,086)
Net change in fund balances	\$ -	\$ -	\$ 38,121	\$ 38,121
Fund balances - beginning	-	-	62,737	62,737
Fund balances - ending	\$ -	\$ -	\$ 100,858	\$ 100,858

Law Library Fund				
Budgeted Amounts			Variance with Final Budget - Positive (Negative)	
Original	Final	Actual Amounts		
\$ 5,748	\$ 5,748	\$ 4,789	\$ (959)	
-	-	-	-	
-	-	-	-	
-	-	-	-	
<u>\$ 5,748</u>	<u>\$ 5,748</u>	<u>\$ 4,789</u>	<u>\$ (959)</u>	
\$ 5,748	\$ 5,748	\$ 6,706	\$ (958)	
-	-	-	-	
<u>\$ 5,748</u>	<u>\$ 5,748</u>	<u>\$ 6,706</u>	<u>\$ (958)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,917)</u>	<u>\$ (1,917)</u>	
\$ -	\$ -	\$ -	\$ -	
-	-	-	-	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ -	\$ -	\$ (1,917)	\$ (1,917)	
-	-	3,369	3,369	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,452</u>	<u>\$ 1,452</u>	

COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Courthouse Maintenance Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	26,574	26,574	10,214	(16,360)
Miscellaneous	-	-	-	-
Total revenues	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 10,214</u>	<u>\$ (16,360)</u>
EXPENDITURES				
Current:				
Judicial administration	\$ 26,574	\$ 26,574	\$ 19,165	\$ 7,409
Community development	-	-	-	-
Total expenditures	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 19,165</u>	<u>\$ 7,409</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,951)</u>	<u>\$ (8,951)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (8,951)	\$ (8,951)
Fund balances - beginning	-	-	48,254	48,254
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,303</u>	<u>\$ 39,303</u>

Tourism Fund				
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)	
Original	Final			
\$ 186,212	\$ 186,212	\$ 154,194	\$	(32,018)
-	-	-		-
10,325	10,325	360		(9,965)
<u>\$ 196,537</u>	<u>\$ 196,537</u>	<u>\$ 154,554</u>	<u>\$</u>	<u>(41,983)</u>
\$ -	\$ -	\$ -	\$	-
196,537	197,781	122,705		75,076
<u>\$ 196,537</u>	<u>\$ 197,781</u>	<u>\$ 122,705</u>	<u>\$</u>	<u>75,076</u>
<u>\$ -</u>	<u>\$ (1,244)</u>	<u>\$ 31,849</u>	<u>\$</u>	<u>33,093</u>
<u>\$ -</u>	<u>\$ 1,244</u>	<u>\$ 1,244</u>	<u>\$</u>	<u>-</u>
<u>\$ -</u>	<u>\$ 1,244</u>	<u>\$ 1,244</u>	<u>\$</u>	<u>-</u>
\$ -	\$ -	\$ 33,093	\$	33,093
-	-	106,958		106,958
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,051</u>	<u>\$</u>	<u>140,051</u>

COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Confiscated Asset Fund			
	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 83,729	\$ 83,729
Federal	-	-	5,594	5,594
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,323</u>	<u>\$ 89,323</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ 43,464	\$ (43,464)
Total expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,464</u>	<u>\$ (43,464)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,859</u>	<u>\$ 45,859</u>
Net change in fund balances	\$ -	\$ -	\$ 45,859	\$ 45,859
Fund balances - beginning	-	-	120,649	120,649
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 166,508</u>	<u>\$ 166,508</u>

Fire/Rescue Grant Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 150,000	\$ 150,000	\$ 167,545	\$ 17,545
-	-	-	-
\$ 150,000	\$ 150,000	\$ 167,545	\$ 17,545
\$ 150,000	\$ 150,000	\$ 53,173	\$ 96,827
\$ 150,000	\$ 150,000	\$ 53,173	\$ 96,827
\$ -	\$ -	\$ 114,372	\$ 114,372
\$ -	\$ -	\$ 114,372	\$ 114,372
-	-	150,433	150,433
\$ -	\$ -	\$ 264,805	\$ 264,805

COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Housing Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 5,000	\$ 5,000	\$ 2,375	\$ (2,625)
Charges for services	-	-	-	-
Total revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 2,375</u>	<u>\$ (2,625)</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ -	\$ -	\$ -
Community development	5,000	5,000	1,388	3,612
Total expenditures	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 1,388</u>	<u>\$ 3,612</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 987</u>	<u>\$ 987</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ -	\$ -	\$ -
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ 987	\$ 987
Fund balances - beginning	-	-	19,985	19,985
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,972</u>	<u>\$ 20,972</u>

Sheriff Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
51,000	51,000	12,511	(38,489)
\$ 51,000	\$ 51,000	\$ 12,511	\$ (38,489)
\$ -	\$ -	\$ 32,691	\$ (32,691)
-	-	-	-
\$ -	\$ -	\$ 32,691	\$ (32,691)
\$ 51,000	\$ 51,000	\$ (20,180)	\$ (71,180)
\$ (51,000)	\$ (51,000)	\$ -	\$ 51,000
\$ (51,000)	\$ (51,000)	\$ -	\$ 51,000
\$ -	\$ -	\$ (20,180)	\$ (20,180)
-	-	175,570	175,570
\$ -	\$ -	\$ 155,390	\$ 155,390

COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2021

	Detention Facility Fund			
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget - Positive (Negative)
REVENUES				
Revenue from the use of money and property	\$ 1,800	\$ 1,800	\$ 748	\$ (1,052)
Charges for services	774,000	774,000	572,320	(201,680)
Intergovernmental:				
Federal	-	-	-	-
Total revenues	<u>\$ 775,800</u>	<u>\$ 775,800</u>	<u>\$ 573,068</u>	<u>\$ (202,732)</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Public works	-	-	-	-
Education	110,000	110,000	110,000	-
Parks, recreation, and cultural	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 665,800</u>	<u>\$ 665,800</u>	<u>\$ 463,068</u>	<u>\$ (202,732)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (1,130,800)</u>	<u>\$ (1,130,800)</u>	<u>\$ (175,000)</u>	<u>\$ (955,800)</u>
Total other financing sources (uses)	<u>\$ (1,130,800)</u>	<u>\$ (1,130,800)</u>	<u>\$ (175,000)</u>	<u>\$ (955,800)</u>
Net change in fund balances	\$ (465,000)	\$ (465,000)	\$ 288,068	\$ (1,158,532)
Fund balances - beginning	465,000	465,000	244,103	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 532,171</u>	<u>\$ (1,158,532)</u>

CARES Act Fund			
Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
2,680,638	6,681,770	4,969,325	(1,712,445)
\$ 2,680,638	\$ 6,681,770	\$ 4,969,325	\$ (1,712,445)
\$ 599,606	\$ 1,893,078	\$ 389,414	\$ 1,503,664
940,605	2,421,398	2,660,184	(238,786)
480,534	1,048,117	877,772	170,345
365,000	1,005,052	1,005,052	-
-	11,000	8,274	2,726
12,000	16,000	13,306	2,694
\$ 2,397,745	\$ 6,394,645	\$ 4,954,002	\$ 1,440,643
\$ 282,893	\$ 287,125	\$ 15,323	\$ (271,802)
\$ (271,802)	\$ (287,125)	\$ (15,323)	\$ (271,802)
\$ (271,802)	\$ (287,125)	\$ (15,323)	\$ (271,802)
\$ 11,091	\$ -	\$ -	\$ (543,604)
(11,091)	-	-	-
\$ -	\$ -	\$ -	\$ (543,604)

Combining Statement of Net Position
Internal Service Funds
June 30, 2021

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,143	\$ 1,646,719	\$ 1,650,862
Total current assets	<u>\$ 4,143</u>	<u>\$ 1,646,719</u>	<u>\$ 1,650,862</u>
Noncurrent assets:			
Capital assets:			
Buildings	\$ 412,315	\$ -	\$ 412,315
Improvements other than buildings	68,551	-	68,551
Less accumulated depreciation	(480,866)	-	(480,866)
Total noncurrent assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u>\$ 4,143</u>	<u>\$ 1,646,719</u>	<u>\$ 1,650,862</u>
LIABILITIES			
Current liabilities:			
Due to other funds	\$ -	\$ 2,858	\$ 2,858
Insurance and benefit claims	-	155,194	155,194
Total liabilities	<u>\$ -</u>	<u>\$ 158,052</u>	<u>\$ 158,052</u>
NET POSITION			
Unrestricted	\$ 4,143	\$ 1,488,667	\$ 1,492,810
Total net position	<u>\$ 4,143</u>	<u>\$ 1,488,667</u>	<u>\$ 1,492,810</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2021

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ -	\$ 4,496,855	\$ 4,496,855
Total operating revenues	<u>\$ -</u>	<u>\$ 4,496,855</u>	<u>\$ 4,496,855</u>
OPERATING EXPENSES			
Risk financing and benefit payments	\$ -	\$ 4,168,816	\$ 4,168,816
Total operating expenses	<u>\$ -</u>	<u>\$ 4,168,816</u>	<u>\$ 4,168,816</u>
Change in net position	<u>\$ -</u>	<u>\$ 328,039</u>	<u>\$ 328,039</u>
Net position - beginning	\$ 4,143	\$ 1,160,628	\$ 1,164,771
Net position - ending	<u>\$ 4,143</u>	<u>\$ 1,488,667</u>	<u>\$ 1,492,810</u>

Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2021

	<u>Vehicle Maintenance</u>	<u>Self- Insurance</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from interfund services provided	\$ -	\$ 4,498,166	\$ 4,498,166
Claims and benefits paid	-	(4,448,557)	(4,448,557)
Net cash provided by (used for) operating activities	<u>\$ -</u>	<u>\$ 49,609</u>	<u>\$ 49,609</u>
Net increase (decrease) in cash and cash equivalents	\$ -	\$ 49,609	\$ 49,609
Cash and cash equivalents - beginning	<u>4,143</u>	<u>1,597,110</u>	<u>1,601,253</u>
Cash and cash equivalents - ending	<u><u>\$ 4,143</u></u>	<u><u>\$ 1,646,719</u></u>	<u><u>\$ 1,650,862</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	<u>\$ -</u>	<u>\$ 328,039</u>	<u>\$ 328,039</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Increase (decrease) in insurance and benefit claims	\$ -	\$ (279,741)	\$ (279,741)
Increase (decrease) in due to other funds	-	1,311	1,311
Total adjustments	<u>\$ -</u>	<u>\$ (278,430)</u>	<u>\$ (278,430)</u>
Net cash provided by (used for) operating activities	<u><u>\$ -</u></u>	<u><u>\$ 49,609</u></u>	<u><u>\$ 49,609</u></u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

		Custodial Funds			
		Special Welfare	Four Rivers Technology in Education Consortium	Deposit Escrow	Total
ASSETS					
Cash and cash equivalents		\$ 59,751	\$ 38,704	\$ 1,584,882	\$ 1,683,337
Total assets		<u>\$ 59,751</u>	<u>\$ 38,704</u>	<u>\$ 1,584,882</u>	<u>\$ 1,683,337</u>
NET POSITION					
Restricted for:					
Individuals, organizations, and other governments		\$ 59,751	\$ 38,704	\$ 1,584,882	\$ 1,683,337
Total net position		<u>\$ 59,751</u>	<u>\$ 38,704</u>	<u>\$ 1,584,882</u>	<u>\$ 1,683,337</u>

Fiduciary Funds

Combining Statement of Changes in Fiduciary Net Position - Custodial Funds

Year Ended June 30, 2021

	Custodial Funds			
	Special Welfare	Four Rivers Technology in Educaton Consortium	Deposit Escrow	Total
ADDITIONS				
Contributions	\$ 46,715	\$ -	\$ 466,272	\$ 512,987
Investment earnings:				
Interest and dividends	13	-	981	994
Total additions	\$ 46,728	\$ -	\$ 467,253	\$ 513,981
DEDUCTIONS				
Receipt payments	\$ 28,132	\$ -	\$ 77,672	\$ 105,804
Total deductions	\$ 28,132	\$ -	\$ 77,672	\$ 105,804
Net increase (decrease) in fiduciary net position	\$ 18,596	\$ -	\$ 389,581	\$ 408,177
Net position, beginning, as restated	41,155	38,704	1,195,301	1,275,160
Net position, ending	\$ 59,751	\$ 38,704	\$ 1,584,882	\$ 1,683,337

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2021

	School Operating Fund	School Cafeteria Fund	Capital Projects Fund	School Grant Fund	School Textbook Fund	School Activity Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 2,528,442	\$ 169,581	\$ -	\$ -	\$ 461,048	\$ 346,942	\$ 3,506,013
Receivables (net of allowance for uncollectibles):							
Accounts receivable	-	-	-	-	-	310	310
Due from other governmental units	1,392,927	56,603	38,085	501,227	-	-	1,988,842
Restricted assets:							
Cash and cash equivalents	-	-	1,488,220	-	-	-	1,488,220
Total assets	<u>\$ 3,921,369</u>	<u>\$ 226,184</u>	<u>\$ 1,526,305</u>	<u>\$ 501,227</u>	<u>\$ 461,048</u>	<u>\$ 347,252</u>	<u>\$ 6,983,385</u>
LIABILITIES							
Accounts payable	\$ 1,018,469	\$ 17,009	\$ 431,855	\$ 45,291	\$ -	\$ 10,276	\$ 1,522,900
Accrued payroll	2,033,885	72,494	-	36,994	-	-	2,143,373
Reconciled overdraft payable	-	-	261,537	92,750	-	-	354,287
Unearned revenue	171,276	-	-	-	-	-	171,276
Total liabilities	<u>\$ 3,223,630</u>	<u>\$ 89,503</u>	<u>\$ 693,392</u>	<u>\$ 175,035</u>	<u>\$ -</u>	<u>\$ 10,276</u>	<u>\$ 4,191,836</u>
FUND BALANCES							
Assigned:							
Cafeteria	\$ -	\$ 136,681	\$ -	\$ -	\$ -	\$ -	\$ 136,681
Capital outlay	-	-	832,913	-	-	-	832,913
School grants	-	-	-	326,192	-	-	326,192
Textbooks	-	-	-	-	461,048	-	461,048
Activity	-	-	-	-	-	336,976	336,976
Unassigned	697,739	-	-	-	-	-	697,739
Total fund balances	<u>\$ 697,739</u>	<u>\$ 136,681</u>	<u>\$ 832,913</u>	<u>\$ 326,192</u>	<u>\$ 461,048</u>	<u>\$ 336,976</u>	<u>\$ 2,791,549</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3,921,369</u>	<u>\$ 226,184</u>	<u>\$ 1,526,305</u>	<u>\$ 501,227</u>	<u>\$ 461,048</u>	<u>\$ 347,252</u>	<u>\$ 6,983,385</u>
Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:							
Total fund balances per above							\$ 2,791,549
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							
Capital assets cost						\$ 30,410,260	
Less: accumulated depreciation						(21,392,458)	9,017,802
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.							
Pension related items						\$ 9,161,386	
OPEB related items						2,698,055	11,859,441
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.							
Compensated absences						\$ (749,708)	
Accrued interest payable						(16,802)	
Capital leases						(1,082,653)	
Net pension liability						(35,874,943)	
Net OPEB liabilities						(16,078,382)	(53,802,488)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.							
Pension related items						\$ (3,457,704)	
OPEB related items						(439,108)	(3,896,812)
Net position of governmental activities							\$ (34,030,508)

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Capital Projects Fund	School Grant Fund	School Textbook Fund	School Activity Fund	Total Governmental Funds
REVENUES							
Revenue from the use of money and property	\$ 35,226	\$ -	\$ -	\$ -	\$ -	\$ 59	\$ 35,285
Charges for services	3,815	22,981	-	-	-	-	26,796
Miscellaneous	372,508	17,748	-	-	-	354,767	745,023
Intergovernmental:							
Local government	16,423,956	-	110,000	-	154,836	-	16,688,792
Commonwealth	28,130,009	33,091	-	-	277,856	-	28,440,956
Federal	1,291,970	1,377,784	-	1,846,532	-	-	4,516,286
Total revenues	<u>\$ 46,257,484</u>	<u>\$ 1,451,604</u>	<u>\$ 110,000</u>	<u>\$ 1,846,532</u>	<u>\$ 432,692</u>	<u>\$ 354,826</u>	<u>\$ 50,453,138</u>
EXPENDITURES							
Current:							
Education	\$ 46,984,302	\$ 1,698,915	\$ -	\$ 1,845,595	\$ 130,547	\$ 422,737	\$ 51,082,096
Capital outlay	-	-	812,757	-	-	-	812,757
Debt service:							
Principal retirement	326,031	-	-	-	-	-	326,031
Interest and other fiscal charges	34,327	-	3,348	-	-	-	37,675
Total expenditures	<u>\$ 47,344,660</u>	<u>\$ 1,698,915</u>	<u>\$ 816,105</u>	<u>\$ 1,845,595</u>	<u>\$ 130,547</u>	<u>\$ 422,737</u>	<u>\$ 52,258,559</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,087,176)</u>	<u>\$ (247,311)</u>	<u>\$ (706,105)</u>	<u>\$ 937</u>	<u>\$ 302,145</u>	<u>\$ (67,911)</u>	<u>\$ (1,805,421)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	\$ -	\$ -	\$ 1,218,507	\$ -	\$ -	\$ -	\$ 1,218,507
Transfers out	(1,218,507)	-	-	-	-	-	(1,218,507)
Issuance of capital leases	-	-	153,348	-	-	-	153,348
Total other financing sources (uses)	<u>\$ (1,218,507)</u>	<u>\$ -</u>	<u>\$ 1,371,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,348</u>
Net change in fund balances	<u>\$ (2,305,683)</u>	<u>\$ (247,311)</u>	<u>\$ 665,750</u>	<u>\$ 937</u>	<u>\$ 302,145</u>	<u>\$ (67,911)</u>	<u>\$ (1,652,073)</u>
Fund balances - beginning, as restated	<u>3,003,422</u>	<u>383,992</u>	<u>167,163</u>	<u>325,255</u>	<u>158,903</u>	<u>404,887</u>	<u>4,443,622</u>
Fund balances - ending	<u><u>\$ 697,739</u></u>	<u><u>\$ 136,681</u></u>	<u><u>\$ 832,913</u></u>	<u><u>\$ 326,192</u></u>	<u><u>\$ 461,048</u></u>	<u><u>\$ 336,976</u></u>	<u><u>\$ 2,791,549</u></u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

Net change in fund balances - total governmental funds - per above	\$	(1,652,073)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital asset additions	\$	1,944,939	
Depreciation expense		<u>(1,126,699)</u>	818,240

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Increase (decrease) in unavailable revenue - insurance refunds	(27,264)
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of capital lease	\$	(153,348)	
Principal payments		<u>326,031</u>	172,683

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable	\$	6,038	
Change in compensated absences		(31,592)	
Change in pension related items		(292,746)	
Change in OPEB related items		<u>(677,632)</u>	(995,932)

Change in net position of governmental activities	\$	<u><u>(1,684,346)</u></u>
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COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 45,000	\$ 45,000	\$ 35,226	\$ (9,774)
Charges for services	-	-	3,815	3,815
Miscellaneous	381,000	381,000	372,508	(8,492)
Intergovernmental:				
Local government	15,334,268	16,339,320	16,423,956	84,636
Commonwealth	27,866,367	27,926,553	28,130,009	203,456
Federal	1,170,000	1,170,000	1,291,970	121,970
Total revenues	\$ 44,796,635	\$ 45,861,873	\$ 46,257,484	\$ 395,611
EXPENDITURES				
Current:				
Education	\$ 44,796,635	\$ 47,646,786	\$ 46,984,302	\$ 662,484
Debt service:				
Principal retirement	-	-	326,031	(326,031)
Interest and other fiscal charges	-	-	34,327	(34,327)
Total expenditures	\$ 44,796,635	\$ 47,646,786	\$ 47,344,660	\$ 302,126
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (1,784,913)	\$ (1,087,176)	\$ 697,737
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ -	\$ (1,218,507)	\$ (1,218,507)	\$ -
Total other financing sources (uses)	\$ -	\$ (1,218,507)	\$ (1,218,507)	\$ -
Net change in fund balances	\$ -	\$ (3,003,420)	\$ (2,305,683)	\$ 697,737
Fund balances - beginning	-	3,003,420	3,003,422	2
Fund balances - ending	\$ -	\$ -	\$ 697,739	\$ 697,739

School Cafeteria Fund				
Budgeted Amounts			Variance with Final Budget Positive (Negative)	
Original	Final	Actual		
\$ -	\$ -	\$ -	\$ -	
950,000	950,000	22,981	(927,019)	
60,000	60,000	17,748	(42,252)	
-	-	-	-	
29,133	29,133	33,091	3,958	
1,300,000	1,300,000	1,377,784	77,784	
\$ 2,339,133	\$ 2,339,133	\$ 1,451,604	\$ (887,529)	
\$ 2,339,133	\$ 2,339,133	\$ 1,698,915	\$ 640,218	
-	-	-	-	
-	-	-	-	
\$ 2,339,133	\$ 2,339,133	\$ 1,698,915	\$ 640,218	
\$ -	\$ -	\$ (247,311)	\$ (247,311)	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ -	\$ -	
\$ -	\$ -	\$ (247,311)	\$ (247,311)	
-	-	383,992	383,992	
\$ -	\$ -	\$ 136,681	\$ 136,681	

COUNTY OF CAROLINE, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Capital Projects Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Intergovernmental:				
Local government	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Federal	-	-	-	-
Total revenues	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ -</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ -	\$ -	\$ -
Capital projects	778,540	2,164,136	812,757	1,351,379
Debt service:				
Interest and other fiscal charges	-	-	3,348	(3,348)
Total expenditures	<u>\$ 778,540</u>	<u>\$ 2,164,136</u>	<u>\$ 816,105</u>	<u>\$ 1,348,031</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (668,540)</u>	<u>\$ (2,054,136)</u>	<u>\$ (706,105)</u>	<u>\$ 1,348,031</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 518,540	\$ 1,737,047	\$ 1,218,507	\$ (518,540)
Issuance of capital lease	150,000	150,000	153,348	3,348
Total other financing sources (uses)	<u>\$ 668,540</u>	<u>\$ 1,887,047</u>	<u>\$ 1,371,855</u>	<u>\$ (515,192)</u>
Net change in fund balances	\$ -	\$ (167,089)	\$ 665,750	\$ 832,839
Fund balances - beginning	-	167,089	167,163	74
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 832,913</u>	<u>\$ 832,913</u>

School Grant Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ -	\$ -	\$ -	\$ -
2,010,348	2,962,227	1,846,532	(1,115,695)
<u>\$ 2,010,348</u>	<u>\$ 2,962,227</u>	<u>\$ 1,846,532</u>	<u>\$ (1,115,695)</u>
\$ 2,010,348	\$ 2,962,227	\$ 1,845,595	\$ 1,116,632
-	-	-	-
-	-	-	-
<u>\$ 2,010,348</u>	<u>\$ 2,962,227</u>	<u>\$ 1,845,595</u>	<u>\$ 1,116,632</u>
\$ -	\$ -	\$ 937	\$ 937
\$ -	\$ -	\$ -	\$ -
-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ 937	\$ 937
-	-	325,255	325,255
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 326,192</u>	<u>\$ 326,192</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Textbook Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Local government	\$ 154,416	\$ 154,416	\$ 154,836	\$ 420
Commonwealth	280,954	280,954	277,856	(3,098)
Total revenues	<u>\$ 435,370</u>	<u>\$ 435,370</u>	<u>\$ 432,692</u>	<u>\$ (2,678)</u>
EXPENDITURES				
Current:				
Education	<u>\$ 435,370</u>	<u>\$ 435,370</u>	<u>\$ 130,547</u>	<u>\$ 304,823</u>
Total expenditures	<u>\$ 435,370</u>	<u>\$ 435,370</u>	<u>\$ 130,547</u>	<u>\$ 304,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,145</u>	<u>\$ 302,145</u>
Net change in fund balances	\$ -	\$ -	\$ 302,145	\$ 302,145
Fund balances - beginning	-	-	158,903	158,903
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,048</u>	<u>\$ 461,048</u>

Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2021

ASSETS

Current assets:	
Cash and cash equivalents	\$ <u>70,937</u>
Noncurrent assets:	
Other assets:	
Land deposit	\$ <u>1,000</u>
Total assets	\$ <u>71,937</u>

NET POSITION

Unrestricted	\$ <u>71,937</u>
Total net position	\$ <u><u>71,937</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

OPERATING EXPENSES

Economic development	\$ 815
Total operating expenses	<u>\$ 815</u>
Operating income (loss)	<u>\$ (815)</u>

NONOPERATING REVENUES (EXPENSES)

Interest income	\$ 31
COVID-19 CARES revenue	330,000
COVID-19 CARES grants to small businesses	(330,000)
State grant - pass through to industry	50,000
Industry incentives	<u>(50,000)</u>
Total nonoperating revenues (expenses)	<u>\$ 31</u>
Change in net position	\$ (784)
Net position - beginning	72,721
Net position - ending	<u><u>\$ 71,937</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Payments for operating activities	\$ (815)
Net cash provided by (used for) operating activities	\$ (815)

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Grants received to pass to others	380,000
Pass through funding to businesses	\$ (380,000)
Net cash provided (used) by noncapital financing activities	\$ -

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Deposit on land purchase paid	\$ (1,000)
Net cash provided (used) by capital and related financing activities	\$ (1,000)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	\$ 31
Net cash provided by (used for) investing activities	\$ 31

Net increase (decrease) in cash and cash equivalents	\$ (1,784)
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Cash and cash equivalents - beginning	72,721
Cash and cash equivalents - ending	\$ 70,937

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	\$ (815)
Net cash provided by (used for) operating activities	\$ (815)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Real property taxes	\$ 22,541,535	\$ 22,541,535	\$ 23,511,089	\$ 969,554
Real and personal public service corporation taxes	3,600,870	3,600,870	3,323,141	(277,729)
Personal property taxes	9,952,531	9,952,531	11,104,562	1,152,031
Machinery and tools taxes	423,792	423,792	464,028	40,236
Penalties	472,982	472,982	527,091	54,109
Interest	410,093	410,093	439,048	28,955
Total general property taxes	<u>\$ 37,401,803</u>	<u>\$ 37,401,803</u>	<u>\$ 39,368,959</u>	<u>\$ 1,967,156</u>
Other local taxes:				
Local sales and use taxes	\$ 2,174,162	\$ 2,174,162	\$ 3,209,281	\$ 1,035,119
Consumer utility taxes	92,282	92,282	90,440	(1,842)
Business license taxes	679,819	679,819	880,612	200,793
Bank stock taxes	84,512	84,512	97,907	13,395
Motor vehicle licenses and registration fees	1,074,092	1,074,092	1,125,933	51,841
Taxes on recordation and wills	-	-	579,648	579,648
Total other local taxes	<u>\$ 4,104,867</u>	<u>\$ 4,104,867</u>	<u>\$ 5,983,821</u>	<u>\$ 1,878,954</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 31,479	\$ 31,479	\$ 18,680	\$ (12,799)
Permits and other licenses	407,061	407,061	901,428	494,367
Total permits, privilege fees, and regulatory licenses	<u>\$ 438,540</u>	<u>\$ 438,540</u>	<u>\$ 920,108</u>	<u>\$ 481,568</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 516,440	\$ 516,440	\$ 145,875	\$ (370,565)
Library fees	18,000	18,000	5,610	(12,390)
Total fines and forfeitures	<u>\$ 534,440</u>	<u>\$ 534,440</u>	<u>\$ 151,485</u>	<u>\$ (382,955)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 414,152	\$ 414,152	\$ 38,662	\$ (375,490)
Revenue from use of property	40,450	40,450	31,706	(8,744)
Total revenue from use of money and property	<u>\$ 454,602</u>	<u>\$ 454,602</u>	<u>\$ 70,368</u>	<u>\$ (384,234)</u>
Charges for services:				
Charges for court costs	\$ 5,440	\$ 5,440	\$ 14,863	\$ 9,423
Commonwealth attorney's fees	3,300	3,300	2,383	(917)
Courthouse security and protective services	171,400	171,400	139,673	(31,727)
Data processing	1,250	1,250	2,286	1,036
Parks and recreation	60,000	60,000	31,115	(28,885)
Sanitation and waste removal	52,145	52,145	67,142	14,997
Sale of publications and commemorative material	200	200	-	(200)
Ambulance recover services	1,271,505	1,271,505	1,113,185	(158,320)
Other	9,213	9,213	16,309	7,096
Total charges for services	<u>\$ 1,574,453</u>	<u>\$ 1,574,453</u>	<u>\$ 1,386,956</u>	<u>\$ (187,497)</u>

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Miscellaneous	\$ 265,007	\$ 276,007	\$ 376,688	\$ 100,681
Total miscellaneous	\$ 265,007	\$ 276,007	\$ 376,688	\$ 100,681
Recovered costs:				
Soil conservationist	\$ 407,347	\$ 407,347	\$ 475,464	\$ 68,117
Postage reimbursement general district court	5,000	5,000	2,386	(2,614)
Other	192,475	192,475	179,625	(12,850)
Total recovered costs	\$ 604,822	\$ 604,822	\$ 657,475	\$ 52,653
Total revenue from local sources	\$ 45,378,534	\$ 45,389,534	\$ 48,915,860	\$ 3,526,326
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Rolling stock tax	\$ 86,000	\$ 86,000	\$ 80,582	\$ (5,418)
Communications sales and use taxes	400,482	400,482	326,837	(73,645)
Mobile home titling taxes	31,500	31,500	32,618	1,118
Rental vehicles taxes	5,734	5,734	9,921	4,187
Personal property tax relief	2,371,897	2,371,897	2,371,897	-
Games of skill tax	-	-	60,768	60,768
Recordation taxes	257,760	257,760	143,595	(114,165)
Total noncategorical aid	\$ 3,153,373	\$ 3,153,373	\$ 3,026,218	\$ (127,155)
Categorical aid:				
Shared expenses:				
Commonwealth attorney	\$ 291,381	\$ 291,381	\$ 318,521	\$ 27,140
Sheriff	1,235,393	1,235,393	1,282,212	46,819
Commissioner of revenue	125,647	125,647	135,994	10,347
Treasurer	102,503	102,503	106,423	3,920
Registrar/electoral board	42,896	42,896	45,840	2,944
Clerk of the Circuit Court	278,797	278,797	288,224	9,427
Total shared expenses	\$ 2,076,617	\$ 2,076,617	\$ 2,177,214	\$ 100,597
Other categorical aid:				
Litter control	\$ 13,000	\$ 13,000	\$ 18,064	\$ 5,064
DMV license agent	43,095	43,095	47,632	4,537
Wireless E911 PSAP funding	110,000	110,000	121,114	11,114
CHINS	-	-	23,627	23,627
Victim witness	55,109	55,109	74,673	19,564
Domestic violence	94,000	94,000	68,635	(25,365)
Library	123,804	131,068	131,068	-
Other state grants	84,425	113,752	96,885	(16,867)
Total other categorical aid	\$ 523,433	\$ 560,024	\$ 581,698	\$ 21,674
Total categorical aid	\$ 2,600,050	\$ 2,636,641	\$ 2,758,912	\$ 122,271
Total revenue from the Commonwealth	\$ 5,753,423	\$ 5,790,014	\$ 5,785,130	\$ (4,884)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 1,778	\$ 1,778	\$ 1,698	\$ (80)
Total noncategorical aid	\$ 1,778	\$ 1,778	\$ 1,698	\$ (80)
Categorical aid:				
DMV ground transportation	\$ 20,000	\$ 20,000	\$ 8,684	\$ (11,316)
Sheriff's VDEM grant	-	-	7,892	7,892
FEMA	24,180	24,180	-	(24,180)
Bulletproof vest partnership	2,328	2,328	-	(2,328)
Victim witness	21,945	21,945	14,932	(7,013)
Total categorical aid	\$ 68,453	\$ 68,453	\$ 31,508	\$ (36,945)
Total revenue from the federal government	\$ 70,231	\$ 70,231	\$ 33,206	\$ (37,025)
Total General Fund	\$ 51,202,188	\$ 51,249,779	\$ 54,734,196	\$ 3,484,417
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ -	\$ -	\$ 4,862	\$ 4,862
Total miscellaneous	\$ -	\$ -	\$ 4,862	\$ 4,862
Total revenue from local sources	\$ -	\$ -	\$ 4,862	\$ 4,862
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,127,915	\$ 1,127,915	\$ 767,992	\$ (359,923)
Total categorical aid	\$ 1,127,915	\$ 1,127,915	\$ 767,992	\$ (359,923)
Total revenue from the Commonwealth	\$ 1,127,915	\$ 1,127,915	\$ 767,992	\$ (359,923)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,557,597	\$ 1,557,597	\$ 1,649,613	\$ 92,016
Total categorical aid	\$ 1,557,597	\$ 1,557,597	\$ 1,649,613	\$ 92,016
Total revenue from the federal government	\$ 1,557,597	\$ 1,557,597	\$ 1,649,613	\$ 92,016
Total Virginia Public Assistance Fund	\$ 2,685,512	\$ 2,685,512	\$ 2,422,467	\$ (263,045)
Proffers Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 750	\$ 750	\$ 729	\$ (21)
Total revenue from use of money and property	\$ 750	\$ 750	\$ 729	\$ (21)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Proffers Fund: (Continued)				
Revenue from local sources: (Continued)				
Miscellaneous:				
Proffers	\$ 55,000	\$ 55,000	\$ 273,113	\$ 218,113
Total miscellaneous	\$ 55,000	\$ 55,000	\$ 273,113	\$ 218,113
Total Proffers Fund	\$ 55,750	\$ 55,750	\$ 273,842	\$ 218,092
Children's Services Fund:				
Revenue from local sources:				
Miscellaneous:				
Miscellaneous	\$ 8,694	\$ 8,694	\$ 9,650	\$ 956
Total miscellaneous	\$ 8,694	\$ 8,694	\$ 9,650	\$ 956
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Children's services act	\$ 1,549,947	\$ 1,549,947	\$ 1,117,117	\$ (432,830)
Total categorical aid	\$ 1,549,947	\$ 1,549,947	\$ 1,117,117	\$ (432,830)
Total revenue from the Commonwealth	\$ 1,549,947	\$ 1,549,947	\$ 1,117,117	\$ (432,830)
Revenue from the federal government:				
Categorical aid:				
Children's services act	\$ -	\$ -	\$ 2,523	\$ 2,523
Total categorical aid	\$ -	\$ -	\$ 2,523	\$ 2,523
Total revenue from the federal government	\$ -	\$ -	\$ 2,523	\$ 2,523
Total Children's Services Fund	\$ 1,558,641	\$ 1,558,641	\$ 1,129,290	\$ (429,351)
Law Library Fund:				
Charges for services:				
Law library fees	\$ 5,748	\$ 5,748	\$ 4,789	\$ (959)
Total charges for services	\$ 5,748	\$ 5,748	\$ 4,789	\$ (959)
Total Law Library Fund	\$ 5,748	\$ 5,748	\$ 4,789	\$ (959)
Courthouse Maintenance Fund:				
Revenue from local sources:				
Charges for services:				
Courthouse maintenance fees	\$ 26,574	\$ 26,574	\$ 10,214	\$ (16,360)
Total charges for services	\$ 26,574	\$ 26,574	\$ 10,214	\$ (16,360)
Total Courthouse Maintenance Fund	\$ 26,574	\$ 26,574	\$ 10,214	\$ (16,360)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Tourism Fund:				
Revenue from local sources:				
Other local taxes:				
Hotel and motel room taxes	\$ 186,212	\$ 186,212	\$ 154,194	\$ (32,018)
Total other local taxes	\$ 186,212	\$ 186,212	\$ 154,194	\$ (32,018)
Miscellaneous:				
Miscellaneous	\$ 10,325	\$ 10,325	\$ 360	\$ (9,965)
Total miscellaneous	\$ 10,325	\$ 10,325	\$ 360	\$ (9,965)
Total revenue from local sources	\$ 196,537	\$ 196,537	\$ 154,554	\$ (41,983)
Total Tourism Fund	\$ 196,537	\$ 196,537	\$ 154,554	\$ (41,983)
Confiscated Asset Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Confiscated assets	\$ -	\$ -	\$ 83,729	\$ 83,729
Total categorical aid	\$ -	\$ -	\$ 83,729	\$ 83,729
Total revenue from the Commonwealth	\$ -	\$ -	\$ 83,729	\$ 83,729
Revenue from the federal government:				
Categorical aid:				
Confiscated assets	\$ -	\$ -	\$ 5,594	\$ 5,594
Total categorical aid	\$ -	\$ -	\$ 5,594	\$ 5,594
Total revenue from the federal government	\$ -	\$ -	\$ 5,594	\$ 5,594
Total Confiscated Asset Fund	\$ -	\$ -	\$ 89,323	\$ 89,323
Fire/Rescue Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Fire program fund	\$ 91,000	\$ 91,000	\$ 104,071	\$ 13,071
EMS vehicle registration grant	29,000	29,000	33,474	4,474
Radiological preparedness grant	30,000	30,000	30,000	-
Total categorical aid	\$ 150,000	\$ 150,000	\$ 167,545	\$ 17,545
Total revenue from the Commonwealth	\$ 150,000	\$ 150,000	\$ 167,545	\$ 17,545
Total Fire/Rescue Fund	\$ 150,000	\$ 150,000	\$ 167,545	\$ 17,545

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Housing Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 5,000	\$ 5,000	\$ 2,375	\$ (2,625)
Total revenue from use of money and property	\$ 5,000	\$ 5,000	\$ 2,375	\$ (2,625)
Total Housing Fund	\$ 5,000	\$ 5,000	\$ 2,375	\$ (2,625)
Sheriff Fund:				
Revenue from local sources:				
Charges for services:				
Sheriff fees	\$ 51,000	\$ 51,000	\$ 12,511	\$ (38,489)
Total charges for services	\$ 51,000	\$ 51,000	\$ 12,511	\$ (38,489)
Total Sheriff Fund	\$ 51,000	\$ 51,000	\$ 12,511	\$ (38,489)
Detention Facility Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 1,800	\$ 1,800	\$ 748	\$ (1,052)
Total revenue from use of money and property	\$ 1,800	\$ 1,800	\$ 748	\$ (1,052)
Charges for services:				
Inmate detention	\$ 774,000	\$ 774,000	\$ 572,320	\$ (201,680)
Total charges for services	\$ 774,000	\$ 774,000	\$ 572,320	\$ (201,680)
Total Detention Facility Fund	\$ 775,800	\$ 775,800	\$ 573,068	\$ (202,732)
CARES Act Fund:				
Intergovernmental:				
Revenue from the federal government:				
Noncategorical aid:				
CARES Act	\$ 2,680,638	\$ 5,453,467	\$ 4,857,907	\$ (595,560)
ARPA	-	1,228,303	111,418	(1,116,885)
Total noncategorical aid	\$ 2,680,638	\$ 6,681,770	\$ 4,969,325	\$ (1,712,445)
Total revenue from the federal government	\$ 2,680,638	\$ 6,681,770	\$ 4,969,325	\$ (1,712,445)
Total CARES Act Fund	\$ 2,680,638	\$ 6,681,770	\$ 4,969,325	\$ (1,712,445)
Total Special Revenue Funds	\$ 8,191,200	\$ 12,192,332	\$ 9,809,303	\$ (2,383,029)
Debt Service Fund:				
Revenue from local sources:				
Other local taxes:				
Consumer utility	\$ 533,801	\$ 533,801	\$ 554,938	\$ 21,137
Meals tax	1,036,507	1,036,507	1,168,218	131,711
Total other local taxes	\$ 1,570,308	\$ 1,570,308	\$ 1,723,156	\$ 152,848
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 1,265	\$ 1,265
Revenue from the use of property	111,600	111,600	111,601	1
Total revenue from use of money and property	\$ 111,600	\$ 111,600	\$ 112,866	\$ 1,266
Total revenue from local sources	\$ 1,681,908	\$ 1,681,908	\$ 1,836,022	\$ 154,114

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Communication tax	\$ 332,308	\$ 332,308	\$ 250,818	\$ (81,490)
Total categorical aid	\$ 332,308	\$ 332,308	\$ 250,818	\$ (81,490)
Total revenue from the Commonwealth	\$ 332,308	\$ 332,308	\$ 250,818	\$ (81,490)
Revenue from the federal government:				
Categorical aid:				
Federal tax credit	\$ 288,000	\$ 288,000	\$ 552,413	\$ 264,413
Refunding credit	111,688	111,688	110,938	(750)
Total categorical aid	\$ 399,688	\$ 399,688	\$ 663,351	\$ 263,663
Total revenue from the federal government	\$ 399,688	\$ 399,688	\$ 663,351	\$ 263,663
Total Debt Service Fund	\$ 2,413,904	\$ 2,413,904	\$ 2,750,191	\$ 336,287
Capital Projects Fund:				
County Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 3,830	\$ 3,830
Total revenue from use of money and property	\$ -	\$ -	\$ 3,830	\$ 3,830
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 22,072	\$ 22,072
Total miscellaneous	\$ -	\$ -	\$ 22,072	\$ 22,072
Total revenue from local sources	\$ -	\$ -	\$ 25,902	\$ 25,902
Total County Capital Projects Fund	\$ -	\$ -	\$ 25,902	\$ 25,902
Total Primary Government	\$ 61,807,292	\$ 65,856,015	\$ 67,319,592	\$ 1,463,577
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 45,000	\$ 45,000	\$ 35,226	\$ (9,774)
Total revenue from use of money and property	\$ 45,000	\$ 45,000	\$ 35,226	\$ (9,774)
Charges for services:				
Tuition and payments from other divisions	\$ -	\$ -	\$ 3,815	\$ 3,815
Total charges for services	\$ -	\$ -	\$ 3,815	\$ 3,815
Miscellaneous:				
Other miscellaneous	\$ 381,000	\$ 381,000	\$ 372,508	\$ (8,492)
Total miscellaneous	\$ 381,000	\$ 381,000	\$ 372,508	\$ (8,492)
Total revenue from local sources	\$ 426,000	\$ 426,000	\$ 411,549	\$ (14,451)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 15,334,268	\$ 16,339,320	\$ 16,423,956	\$ 84,636
Total revenues from local governments	\$ 15,334,268	\$ 16,339,320	\$ 16,423,956	\$ 84,636
Revenue from the Commonwealth:				
Categorical aid:				
State sales tax receipts	\$ 5,596,371	\$ 5,596,371	\$ 6,008,009	\$ 411,638
Basic school aid	13,115,431	13,143,321	12,999,335	(143,986)
Other state funds	9,154,565	9,186,861	9,122,665	(64,196)
Total categorical aid	\$ 27,866,367	\$ 27,926,553	\$ 28,130,009	\$ 203,456
Total revenue from the Commonwealth	\$ 27,866,367	\$ 27,926,553	\$ 28,130,009	\$ 203,456
Revenue from the federal government:				
Categorical aid:				
Title VI-B, special education flow-through	\$ 960,000	\$ 960,000	\$ 893,531	\$ (66,469)
Other federal funds	210,000	210,000	398,439	188,439
Total categorical aid	\$ 1,170,000	\$ 1,170,000	\$ 1,291,970	\$ 121,970
Total revenue from the federal government	\$ 1,170,000	\$ 1,170,000	\$ 1,291,970	\$ 121,970
Total School Operating Fund	\$ 44,796,635	\$ 45,861,873	\$ 46,257,484	\$ 395,611
School Cafeteria Fund:				
Revenue from local sources:				
Charges for services:				
Cafeteria sales	\$ 950,000	\$ 950,000	\$ 22,981	\$ (927,019)
Total charges for services	\$ 950,000	\$ 950,000	\$ 22,981	\$ (927,019)
Miscellaneous:				
Other miscellaneous	\$ 60,000	\$ 60,000	\$ 17,748	\$ (42,252)
Total miscellaneous	\$ 60,000	\$ 60,000	\$ 17,748	\$ (42,252)
Total revenue from local sources	\$ 1,010,000	\$ 1,010,000	\$ 40,729	\$ (969,271)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
School food program grant	\$ 29,133	\$ 29,133	\$ 33,091	\$ 3,958
Total categorical aid	\$ 29,133	\$ 29,133	\$ 33,091	\$ 3,958
Total revenue from the Commonwealth	\$ 29,133	\$ 29,133	\$ 33,091	\$ 3,958
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,300,000	\$ 1,300,000	\$ 1,172,895	\$ (127,105)
ESSER GEER	-	-	20,392	20,392
Commodities	-	-	184,497	184,497
Total categorical aid	\$ 1,300,000	\$ 1,300,000	\$ 1,377,784	\$ 77,784
Total revenue from the federal government	\$ 1,300,000	\$ 1,300,000	\$ 1,377,784	\$ 77,784
Total School Cafeteria Fund	\$ 2,339,133	\$ 2,339,133	\$ 1,451,604	\$ (887,529)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2021 (Continued)

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board: (Continued)				
School Capital Projects Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Total revenues from local governments	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Total School Capital Projects Fund	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
School Grant Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 1,000,000	\$ 1,000,000	\$ 736,535	\$ (263,465)
CARES	640,348	1,362,573	871,922	(490,651)
ESSER	-	229,654	24,091	(205,563)
Other federal funds	370,000	370,000	213,984	(156,016)
Total categorical aid	\$ 2,010,348	\$ 2,962,227	\$ 1,846,532	\$ (1,115,695)
Total revenue from the federal government	\$ 2,010,348	\$ 2,962,227	\$ 1,846,532	\$ (1,115,695)
Total School Grant Fund	\$ 2,010,348	\$ 2,962,227	\$ 1,846,532	\$ (1,115,695)
School Textbook Fund:				
Intergovernmental:				
Revenues from local governments:				
Contribution from County of Caroline, Virginia	\$ 154,416	\$ 154,416	\$ 154,836	\$ 420
Total revenues from local governments	\$ 154,416	\$ 154,416	\$ 154,836	\$ 420
Revenue from the Commonwealth:				
Categorical aid:				
Textbook payments	\$ 280,954	\$ 280,954	\$ 277,856	\$ (3,098)
Total categorical aid	\$ 280,954	\$ 280,954	\$ 277,856	\$ (3,098)
Total School Textbook Fund	\$ 435,370	\$ 435,370	\$ 432,692	\$ (2,678)
School Activity Fund:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 59	\$ 59
Total revenue from use of money and property	\$ -	\$ -	\$ 59	\$ 59
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 354,767	\$ 354,767
Total miscellaneous	\$ -	\$ -	\$ 354,767	\$ 354,767
Total School Activity Fund	\$ -	\$ -	\$ 354,826	\$ 354,826
Total Discretely Presented Component Unit - School Board	\$ 49,691,486	\$ 51,708,603	\$ 50,098,312	\$ (1,610,291)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 234,033	\$ 234,033	\$ 238,361	\$ (4,328)
Total legislative	\$ 234,033	\$ 234,033	\$ 238,361	\$ (4,328)
General and financial administration:				
County administrator	\$ 611,111	\$ 631,297	\$ 649,299	\$ (18,002)
Legal services	229,000	229,000	404,612	(175,612)
Commissioner of revenue	888,498	920,744	829,134	91,610
Professional services	190,000	190,000	197,348	(7,348)
Treasurer	719,870	724,102	651,915	72,187
Finance	430,529	431,754	340,419	91,335
Information technology	461,035	518,565	408,587	109,978
Other general and financial administration	126,733	126,733	75,250	51,483
Total general and financial administration	\$ 3,656,776	\$ 3,772,195	\$ 3,556,564	\$ 215,631
Board of elections:				
Electoral board and officials	\$ 261,235	\$ 265,174	\$ 278,805	\$ (13,631)
Total board of elections	\$ 261,235	\$ 265,174	\$ 278,805	\$ (13,631)
Total general government administration	\$ 4,152,044	\$ 4,271,402	\$ 4,073,730	\$ 197,672
Judicial administration:				
Courts:				
Circuit court	\$ 105,801	\$ 106,407	\$ 103,999	\$ 2,408
General district court	29,170	29,170	29,462	(292)
Magistrate	2,450	2,450	2,074	376
Juvenile and domestic relations court	19,405	19,405	13,889	5,516
Clerk of the circuit court	645,899	650,128	580,558	69,570
Juvenile crime control	49,189	49,189	26,786	22,403
Victim witness program	109,113	109,980	111,609	(1,629)
Total courts	\$ 961,027	\$ 966,729	\$ 868,377	\$ 98,352
Commonwealth attorney:				
Commonwealth attorney	\$ 543,997	\$ 546,428	\$ 532,198	\$ 14,230
Total commonwealth attorney	\$ 543,997	\$ 546,428	\$ 532,198	\$ 14,230
Total judicial administration	\$ 1,505,024	\$ 1,513,157	\$ 1,400,575	\$ 112,582
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 4,748,018	\$ 4,948,309	\$ 3,743,956	\$ 1,204,353
E911 dispatch	1,607,542	1,770,803	1,317,592	453,211
Other protection services	445,793	446,005	336,781	109,224
Total law enforcement and traffic control	\$ 6,801,353	\$ 7,165,117	\$ 5,398,329	\$ 1,766,788

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Other fire and rescue	\$ 17,536	\$ 17,536	\$ 17,372	\$ 164
Emergency services	5,727,870	5,874,081	4,580,548	1,293,533
Total fire and rescue services	<u>\$ 5,745,406</u>	<u>\$ 5,891,617</u>	<u>\$ 4,597,920</u>	<u>\$ 1,293,697</u>
Correction and detention:				
Regional jail contributions	\$ 1,815,682	\$ 1,815,682	\$ 1,780,829	\$ 34,853
Juvenile probation and detention	190,454	190,454	164,736	25,718
Total correction and detention	<u>\$ 2,006,136</u>	<u>\$ 2,006,136</u>	<u>\$ 1,945,565</u>	<u>\$ 60,571</u>
Building inspections:				
Inspections	\$ 316,781	\$ 387,282	\$ 404,818	\$ (17,536)
Board of building code appeals	1,600	1,600	600	1,000
Total building inspections	<u>\$ 318,381</u>	<u>\$ 388,882</u>	<u>\$ 405,418</u>	<u>\$ (16,536)</u>
Other protection:				
Animal control	\$ 431,002	\$ 437,245	\$ 436,875	\$ 370
Medical examiner	300	300	400	(100)
Total other protection	<u>\$ 431,302</u>	<u>\$ 437,545</u>	<u>\$ 437,275</u>	<u>\$ 270</u>
Total public safety	<u>\$ 15,302,578</u>	<u>\$ 15,889,297</u>	<u>\$ 12,784,507</u>	<u>\$ 3,104,790</u>
Public works:				
Maintenance of infrastructure:				
Public works administration	\$ 233,993	\$ 234,730	\$ 204,913	\$ 29,817
VDOT roads Rt 639 revenue sharing	2,450,000	2,450,000	2,450,000	-
Streetlights	3,600	3,600	3,243	357
Total maintenance of infrastructure	<u>\$ 2,687,593</u>	<u>\$ 2,688,330</u>	<u>\$ 2,658,156</u>	<u>\$ 30,174</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 2,069,538	\$ 2,100,809	\$ 1,685,093	\$ 415,716
Total sanitation and waste removal	<u>\$ 2,069,538</u>	<u>\$ 2,100,809</u>	<u>\$ 1,685,093</u>	<u>\$ 415,716</u>
Maintenance of general buildings and grounds:				
General properties	\$ 2,081,786	\$ 2,261,999	\$ 1,890,046	\$ 371,953
Total maintenance of general buildings and grounds	<u>\$ 2,081,786</u>	<u>\$ 2,261,999</u>	<u>\$ 1,890,046</u>	<u>\$ 371,953</u>
Total public works	<u>\$ 6,838,917</u>	<u>\$ 7,051,138</u>	<u>\$ 6,233,295</u>	<u>\$ 817,843</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 275,404	\$ 275,404	\$ 275,404	\$ -
Total health	<u>\$ 275,404</u>	<u>\$ 275,404</u>	<u>\$ 275,404</u>	<u>\$ -</u>
Mental health and mental retardation:				
Community services board	\$ 113,974	\$ 113,974	\$ 113,974	\$ -
Total mental health and mental retardation	<u>\$ 113,974</u>	<u>\$ 113,974</u>	<u>\$ 113,974</u>	<u>\$ -</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Welfare:				
Contributions to outside welfare agencies	\$ 168,946	\$ 169,946	\$ 134,024	\$ 35,922
Total welfare	\$ 168,946	\$ 169,946	\$ 134,024	\$ 35,922
Total health and welfare	\$ 558,324	\$ 559,324	\$ 523,402	\$ 35,922
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 6,866	\$ 6,866	\$ 6,866	\$ -
Contribution to County School Board	15,488,684	13,704,191	13,704,191	-
Total other instructional costs	\$ 15,495,550	\$ 13,711,057	\$ 13,711,057	\$ -
Total education	\$ 15,495,550	\$ 13,711,057	\$ 13,711,057	\$ -
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 518,647	\$ 513,246	\$ 388,123	\$ 125,123
Total parks and recreation	\$ 518,647	\$ 513,246	\$ 388,123	\$ 125,123
Cultural:				
County Library	\$ 544,827	\$ 567,018	\$ 529,874	\$ 37,144
Total cultural	\$ 544,827	\$ 567,018	\$ 529,874	\$ 37,144
Total parks, recreation, and cultural	\$ 1,063,474	\$ 1,080,264	\$ 917,997	\$ 162,267
Community development:				
Planning and community development:				
Planning development	\$ 806,487	\$ 811,912	\$ 729,206	\$ 82,706
Planning commission	39,632	39,632	39,985	(353)
Economic development	324,855	326,456	254,740	71,716
Planning regional	58,049	58,049	56,418	1,631
Industrial development authority	1,000	1,000	-	1,000
Board of zoning appeals	6,750	6,750	1,696	5,054
Total planning and community development	\$ 1,236,773	\$ 1,243,799	\$ 1,082,045	\$ 161,754
Environmental management:				
Contribution to soil and water conservation district	\$ 67,590	\$ 67,590	\$ 67,590	\$ -
Environmental management	400,747	400,747	472,142	(71,395)
Total environmental management	\$ 468,337	\$ 468,337	\$ 539,732	\$ (71,395)
Cooperative extension program:				
Extension office	\$ 76,932	\$ 76,932	\$ 67,126	\$ 9,806
Total cooperative extension program	\$ 76,932	\$ 76,932	\$ 67,126	\$ 9,806
Total community development	\$ 1,782,042	\$ 1,789,068	\$ 1,688,903	\$ 100,165
Total General Fund	\$ 46,697,953	\$ 45,864,707	\$ 41,333,466	\$ 4,531,241

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 2,289,121	\$ 2,308,022	\$ 2,230,527	\$ 77,495
Public assistance	751,940	766,815	629,804	137,011
Purchased services	167,123	167,123	30,114	137,009
Local only	4,921	6,216	3,516	2,700
Total welfare and social services	\$ 3,213,105	\$ 3,248,176	\$ 2,893,961	\$ 354,215
Total health and welfare	\$ 3,213,105	\$ 3,248,176	\$ 2,893,961	\$ 354,215
Total Virginia Public Assistance Fund	\$ 3,213,105	\$ 3,248,176	\$ 2,893,961	\$ 354,215
Children's Services Fund:				
Health and welfare:				
Welfare and social services:				
Children's services act	\$ 2,300,000	\$ 2,299,711	\$ 1,657,153	\$ 642,558
Total health and welfare	\$ 2,300,000	\$ 2,299,711	\$ 1,657,153	\$ 642,558
Total Children's Services Fund	\$ 2,300,000	\$ 2,299,711	\$ 1,657,153	\$ 642,558
Law Library Fund:				
Judicial administration:				
Law library	\$ 5,748	\$ 5,748	\$ 6,706	\$ (958)
Total judicial administration	\$ 5,748	\$ 5,748	\$ 6,706	\$ (958)
Total Law Library Fund	\$ 5,748	\$ 5,748	\$ 6,706	\$ (958)
Courthouse Maintenance Fund:				
Judicial administration:				
Courthouse maintenance	\$ 26,574	\$ 26,574	\$ 19,165	\$ 7,409
Total judicial administration	\$ 26,574	\$ 26,574	\$ 19,165	\$ 7,409
Total Courthouse Maintenance Fund	\$ 26,574	\$ 26,574	\$ 19,165	\$ 7,409
Tourism Fund:				
Community development:				
Planning and community development	\$ 196,537	\$ 197,781	\$ 122,705	\$ 75,076
Total community development	\$ 196,537	\$ 197,781	\$ 122,705	\$ 75,076
Total Tourism Fund	\$ 196,537	\$ 197,781	\$ 122,705	\$ 75,076

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Confiscated Asset Fund:				
Public safety:				
Confiscated assets	\$ -	\$ -	\$ 43,464	\$ (43,464)
Total public safety	\$ -	\$ -	\$ 43,464	\$ (43,464)
Total Confiscated Asset Fund	\$ -	\$ -	\$ 43,464	\$ (43,464)
Fire/Rescue Fund:				
Public safety:				
Fire and rescue services	\$ 150,000	\$ 150,000	\$ 53,173	\$ 96,827
Total public safety	\$ 150,000	\$ 150,000	\$ 53,173	\$ 96,827
Total Fire/Rescue Fund	\$ 150,000	\$ 150,000	\$ 53,173	\$ 96,827
Housing Fund:				
Community development:				
Housing rehabilitation	\$ 5,000	\$ 5,000	\$ 1,388	\$ 3,612
Total community development	\$ 5,000	\$ 5,000	\$ 1,388	\$ 3,612
Total Housing Fund	\$ 5,000	\$ 5,000	\$ 1,388	\$ 3,612
Sheriff Fund:				
Public safety:				
Machinery and equipment	\$ -	\$ -	\$ 32,691	\$ (32,691)
Total public safety	\$ -	\$ -	\$ 32,691	\$ (32,691)
Total Sheriff Fund	\$ -	\$ -	\$ 32,691	\$ (32,691)
Detention Facility Fund:				
Education:				
Other instructional costs:				
Contribution to County School Board	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Total education	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
Total Detention Facility Fund	\$ 110,000	\$ 110,000	\$ 110,000	\$ -
CARES Act Fund:				
General and financial administration:				
County administration	\$ 599,606	\$ 774,546	\$ 320,646	\$ 453,900
Registrar	-	456,332	63,538	392,794
Information technology	-	662,200	5,230	656,970
Total general and financial administration	\$ 599,606	\$ 1,893,078	\$ 389,414	\$ 1,503,664
Public safety:				
Building inspection	\$ -	\$ -	\$ 4,844	\$ (4,844)
E-911	-	-	21,006	(21,006)
Sheriff	401,100	1,078,237	1,256,919	(178,682)
Fire and rescue	539,505	1,343,161	1,376,648	(33,487)
School resource officer	-	-	767	(767)
Total public safety	\$ 940,605	\$ 2,421,398	\$ 2,660,184	\$ (238,786)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
CARES Act Fund: (Continued)				
Public works:				
General properties	\$ 480,534	\$ 1,048,117	\$ 877,772	\$ 170,345
Total public works	\$ 480,534	\$ 1,048,117	\$ 877,772	\$ 170,345
Education:				
Contribution to County School Board	\$ 365,000	\$ 1,005,052	\$ 1,005,052	\$ -
Parks, recreation, and cultural:				
Library	\$ -	\$ 11,000	\$ 8,274	\$ 2,726
Total parks, recreation, and cultural	\$ -	\$ 11,000	\$ 8,274	\$ 2,726
Community development:				
Planning development	\$ 12,000	\$ 16,000	\$ 13,306	\$ 2,694
Total community development	\$ 12,000	\$ 16,000	\$ 13,306	\$ 2,694
Total CARES Act Fund	\$ 2,397,745	\$ 6,394,645	\$ 4,954,002	\$ 1,440,643
Total Special Revenue Funds	\$ 8,404,709	\$ 12,437,635	\$ 9,894,408	\$ 2,543,227
Debt Service Fund:				
Education:				
Contribution to County School Board	\$ -	\$ -	\$ 84,636	\$ (84,636)
Debt service:				
Principal retirement	\$ 5,393,890	\$ 5,393,890	\$ 5,335,491	\$ 58,399
Interest and other fiscal charges	2,823,658	2,823,658	3,125,570	(301,912)
Bond issuance costs	-	-	545,960	(545,960)
Total debt service	\$ 8,217,548	\$ 8,217,548	\$ 9,091,657	\$ (874,109)
Total Debt Service Fund	\$ 8,217,548	\$ 8,217,548	\$ 9,091,657	\$ (874,109)
Capital Projects Funds:				
County Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 6,431,296	\$ 7,661,858	\$ 2,253,181	\$ 5,408,677
Total capital outlay	\$ 6,431,296	\$ 7,661,858	\$ 2,253,181	\$ 5,408,677
Total County Capital Projects Fund	\$ 6,431,296	\$ 7,661,858	\$ 2,253,181	\$ 5,408,677
Total Primary Government	\$ 69,751,506	\$ 74,181,748	\$ 62,572,712	\$ 11,609,036
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Education:				
Instruction	\$ 34,644,579	\$ 35,618,640	\$ 35,794,827	\$ (176,187)
Administration, attendance and health	1,977,974	1,853,357	1,786,016	67,341
Pupil transportation services	4,314,985	4,219,823	3,444,772	775,051
Operation and maintenance services	3,859,097	4,170,053	4,173,774	(3,721)
Contribution to County of Caroline, VA	-	1,784,913	1,784,913	-
Total education	\$ 44,796,635	\$ 47,646,786	\$ 46,984,302	\$ 662,484

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021 (Continued)

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Discretely Presented Component Unit-School Board: (Continued)				
School Operating Fund: (Continued)				
Debt service:				
Principal retirement	\$ -	\$ -	\$ 326,031	\$ (326,031)
Interest and other fiscal charges	-	-	34,327	(34,327)
Total debt service	\$ -	\$ -	\$ 360,358	\$ (360,358)
Total School Operating Fund	\$ 44,796,635	\$ 47,646,786	\$ 47,344,660	\$ 302,126
School Cafeteria Fund:				
Education:				
School food services	\$ 2,339,133	\$ 2,339,133	\$ 1,514,418	\$ 824,715
Commodities	-	-	184,497	(184,497)
Total education	\$ 2,339,133	\$ 2,339,133	\$ 1,698,915	\$ 640,218
Total School Cafeteria Fund	\$ 2,339,133	\$ 2,339,133	\$ 1,698,915	\$ 640,218
School Capital Projects Fund:				
Capital outlay:				
Capital projects	\$ 778,540	\$ 2,164,136	\$ 812,757	\$ 1,351,379
Total capital outlay	\$ 778,540	\$ 2,164,136	\$ 812,757	\$ 1,351,379
Debt service:				
Interest and other fiscal charges	\$ -	\$ -	\$ 3,348	\$ (3,348)
Total debt service	\$ -	\$ -	\$ 3,348	\$ (3,348)
Total School Capital Projects Fund	\$ 778,540	\$ 2,164,136	\$ 816,105	\$ 1,348,031
School Grant Fund:				
Education:				
Instruction	\$ 2,010,348	\$ 2,962,227	\$ 1,845,595	\$ 1,116,632
Total education	\$ 2,010,348	\$ 2,962,227	\$ 1,845,595	\$ 1,116,632
Total School Grant Fund	\$ 2,010,348	\$ 2,962,227	\$ 1,845,595	\$ 1,116,632
School Textbook Fund:				
Education:				
Instruction	\$ 435,370	\$ 435,370	\$ 130,547	\$ 304,823
Total education	\$ 435,370	\$ 435,370	\$ 130,547	\$ 304,823
Total School Textbook Fund	\$ 435,370	\$ 435,370	\$ 130,547	\$ 304,823
School Activity Fund				
Education:				
Instruction	\$ -	\$ -	\$ 422,737	\$ (422,737)
Total education	\$ -	\$ -	\$ 422,737	\$ (422,737)
Total School Activity Fund	\$ -	\$ -	\$ 422,737	\$ (422,737)
Total Discretely Presented Component Unit - School Board	\$ 50,360,026	\$ 55,547,652	\$ 52,258,559	\$ 3,289,093

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and well being have changed over time.

1-4

Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5-11

Debt Capacity

This table presents information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

12

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13-15

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

16-17

Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

Statistical Section**Comments Relative to Statistical Section**

The following statistical table recommended by the National Council on Governmental Accounting is not included for the reason stated below:

The table showing legal debt margin is omitted because counties in the State of Virginia are not subject to the 10% legal debt margin as cities and towns are.

COUNTY OF CAROLINE, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ (2,885,427)	\$ (15,106,264)	\$ (39,754,963)	\$ (33,804,885)
Restricted	16,479,118	8,348,530	30,368,696	28,077,009
Unrestricted	(2,158,308)	13,248,670	18,392,597	19,298,331
Total governmental activities net position	\$ 11,435,383	\$ 6,490,936	\$ 9,006,330	\$ 13,570,455
Business-type activities				
Net investment in capital assets	\$ 5,078,025	\$ 2,505,703	\$ 5,160,081	\$ 5,132,270
Restricted	-	4,712,149	2,646,388	2,180,302
Unrestricted	(5,373,848)	217,706	(837,006)	(573,962)
Total business-type activities net position	\$ (295,823)	\$ 7,435,558	\$ 6,969,463	\$ 6,738,610
Primary government				
Net investment in capital assets	\$ 2,192,598	\$ (12,600,561)	\$ (34,594,882)	\$ (28,672,615)
Restricted	16,479,118	13,060,679	33,015,084	30,257,311
Unrestricted	(7,532,156)	13,466,376	17,555,591	18,724,369
Total primary government net position	\$ 11,139,560	\$ 13,926,494	\$ 15,975,793	\$ 20,309,065

(1) June 30, 2014 net position was restated for the implementation of GASB Statement No. 68 and June 30, 2017 net position was restated for the implementation of GASB Statement No. 75.

Table 2

2016	2017	2018	2019	2020	2021
\$ (16,413,860)	\$ (7,599,642)	\$ (2,826,244)	\$ (1,765,894)	\$ 455,769	\$ (7,198,952)
13,637,372	7,482,811	4,268,655	4,268,655	5,547,780	5,710,437
21,500,669	21,440,045	21,317,545	24,106,821	23,665,508	38,144,165
\$ 18,724,181	\$ 21,323,214	\$ 22,759,956	\$ 26,609,582	\$ 29,669,057	\$ 36,655,650
\$ 5,655,822	\$ 5,996,430	\$ 6,715,462	\$ 6,934,568	\$ 7,639,696	\$ 7,540,131
1,833,241	1,841,238	1,646,702	1,709,668	1,665,793	1,669,180
(358,259)	(579,857)	(735,707)	(494,918)	(244,326)	(334,002)
\$ 7,130,804	\$ 7,257,811	\$ 7,626,457	\$ 8,149,318	\$ 9,061,163	\$ 8,875,309
\$ (10,758,038)	\$ (1,603,212)	\$ 3,889,218	\$ 5,168,674	\$ 8,095,465	\$ 341,179
15,470,613	9,324,049	5,915,357	5,978,323	7,213,573	7,379,617
21,142,410	20,860,188	20,581,838	23,611,903	23,421,182	37,810,163
\$ 25,854,985	\$ 28,581,025	\$ 30,386,413	\$ 34,758,900	\$ 38,730,220	\$ 45,530,959

COUNTY OF CAROLINE, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2012	2013	2014	2015
Expenses:				
Governmental activities:				
General Government Administration	\$ 3,373,633	\$ 3,504,203	\$ 3,609,988	\$ 3,883,714
Judicial Administration	1,321,551	1,559,830	1,407,147	1,396,050
Public Safety	12,399,082	12,005,540	12,143,942	11,880,667
Public Works	2,488,278	3,066,768	3,640,540	2,908,638
Health and Welfare	4,678,442	4,569,627	5,357,822	4,961,442
Education	12,688,448	16,789,588	12,874,519	13,388,679
Parks, Recreation and Cultural	1,014,718	2,682,085	3,201,043	834,612
Community Development	1,466,009	1,545,447	1,521,500	1,575,697
Interest and Fiscal Charges	3,379,550	3,311,236	3,775,429	3,788,183
Total governmental activities	\$ 42,809,711	\$ 49,034,324	\$ 47,531,930	\$ 44,617,682
Business-type activities:				
Water and Sewer Utilities	\$ 4,600,849	\$ 4,708,177	\$ 5,277,623	\$ 5,703,220
Total primary government expenses	\$ 47,410,560	\$ 53,742,501	\$ 52,809,553	\$ 50,320,902
Program Revenues				
Governmental Activities:				
Charges for services:				
Public Safety	\$ 1,931,399	\$ 1,812,613	\$ 1,923,375	\$ 1,858,195
Community Development	259,936	274,372	269,786	282,212
All other activities	337,717	345,711	195,341	183,155
Operating grants and contributions	5,931,154	5,435,809	6,437,297	5,863,274
Capital grants and contributions	83,646	158,272	-	607,776
Total governmental activities	\$ 8,543,852	\$ 8,026,777	\$ 8,825,799	\$ 8,794,612
Business-type activities:				
Charges for services	\$ 2,879,029	\$ 3,891,144	\$ 2,626,288	\$ 2,920,869
Operating grants and contributions	380,573	638,344	579,689	349,083
Capital grants and contributions	-	-	1,115,502	1,170,762
Total business-type activities	\$ 3,259,602	\$ 4,529,488	\$ 4,321,479	\$ 4,440,714
Total primary government program revenues	\$ 11,803,454	\$ 12,556,265	\$ 13,147,278	\$ 13,235,326
Net (Expense)Revenue				
Governmental activities	\$ (34,265,859)	\$ (41,007,547)	\$ (38,706,131)	\$ (35,823,070)
Business-type activities	(1,341,247)	(178,689)	(956,144)	(1,262,506)
Total primary government net expense	\$ (35,607,106)	\$ (41,186,236)	\$ (39,662,275)	\$ (37,085,576)
General Revenues and Transfers				
Governmental Activities:				
Taxes:				
General property taxes	\$ 30,377,123	\$ 30,700,165	\$ 32,695,438	\$ 34,297,569
Local sales and use taxes	1,527,122	1,521,998	1,672,694	1,779,229
Other local taxes	3,749,268	3,661,418	4,088,990	4,195,865
State personal property tax reimbursement	2,371,897	2,371,897	2,371,897	2,371,897
Other state non-categorical shared revenues	694,417	749,001	808,543	693,511
Proffers from new development	111,314	294,776	145,881	123,245
Other unrestricted revenue	965,188	1,263,776	1,184,640	1,077,555
Transfers	(1,079,642)	(4,630,231)	(959,896)	(1,145,321)
Total governmental activities	\$ 38,716,687	\$ 35,932,800	\$ 42,008,187	\$ 43,393,550
Business-type activities:				
Revenue from use of money and property	\$ 44,154	\$ 22,127	\$ 3,238	\$ 926
Miscellaneous	151,939	97,605	209,050	71,867
Transfers	1,079,642	4,630,231	959,896	1,145,321
Total business-type activities	\$ 1,275,735	\$ 4,749,963	\$ 1,172,184	\$ 1,218,114
Total primary government	\$ 39,992,422	\$ 40,682,763	\$ 43,180,371	\$ 44,611,664
Change in Net Position				
Governmental activities	\$ 4,450,828	\$ (5,074,747)	\$ 3,302,056	\$ 7,570,480
Business-type activities	(65,512)	4,571,274	216,040	(44,392)
Primary government	\$ 4,385,316	\$ (503,473)	\$ 3,518,096	\$ 7,526,088

Table 3

2016		2017		2018		2019		2020		2021	
\$	3,978,965	\$	3,789,710	\$	4,047,104	\$	3,693,835	\$	3,502,256	\$	4,993,074
	1,402,447		1,497,332		1,518,859		1,457,236		1,572,855		1,661,581
	12,426,927		13,510,255		14,205,256		14,116,709		15,897,122		17,181,124
	3,051,951		3,428,499		4,232,947		5,933,547		5,738,631		7,382,117
	5,099,553		5,208,004		5,297,241		4,748,908		4,738,640		5,150,285
	15,040,013		15,859,165		16,899,064		16,802,131		17,947,984		16,849,876
	607,087		797,543		804,264		940,443		1,041,192		1,067,016
	1,515,175		1,254,830		1,343,428		1,335,556		1,380,499		1,507,667
	3,620,914		3,424,233		3,303,659		3,071,552		2,814,222		3,360,947
\$	46,743,032	\$	48,769,571	\$	51,651,822	\$	52,099,917	\$	54,633,401	\$	59,153,687
\$	5,720,201	\$	5,558,380	\$	5,386,681	\$	5,864,572	\$	5,422,786	\$	6,058,445
\$	52,463,233	\$	54,327,951	\$	57,038,503	\$	57,964,489	\$	60,056,187	\$	65,212,132
\$	1,963,237	\$	1,279,401	\$	1,388,237	\$	2,203,555	\$	2,276,453	\$	2,636,719
	285,233		-		-		240		125		-
	168,470		855,923		941,548		862,024		566,257		421,664
	5,969,693		6,976,522		7,516,459		7,043,657		7,802,807		11,462,975
	78,074		215,241		-		-		-		-
\$	8,464,707	\$	9,327,087	\$	9,846,244	\$	10,109,476	\$	10,645,642	\$	14,521,358
\$	2,633,815	\$	2,482,265	\$	2,636,964	\$	2,764,671	\$	2,652,442	\$	2,713,756
	350,877		350,877		256,922		352,383		20,600		32,240
	1,326,260		979,279		937,671		637,770		712,903		2,281,403
\$	4,310,952	\$	3,812,421	\$	3,831,557	\$	3,754,824	\$	3,385,945	\$	5,027,399
\$	12,775,659	\$	13,139,508	\$	13,677,801	\$	13,864,300	\$	14,031,587	\$	19,548,757
\$	(38,278,325)	\$	(39,442,484)	\$	(41,805,578)	\$	(41,990,441)	\$	(43,987,759)	\$	(44,632,329)
	(1,409,249)		(1,745,959)		(1,555,124)		(2,109,748)		(2,036,841)		(1,031,046)
\$	(39,687,574)	\$	(41,188,443)	\$	(43,360,702)	\$	(44,100,189)	\$	(46,024,600)	\$	(45,663,375)
\$	34,439,462	\$	33,404,396	\$	35,811,884	\$	36,870,630	\$	37,932,539	\$	39,488,191
	1,990,779		1,997,309		2,294,305		2,233,473		2,855,615		3,209,281
	4,041,865		4,318,766		4,417,068		4,528,215		4,376,012		4,651,890
	2,371,897		2,371,897		2,371,897		2,371,897		2,371,897		2,371,897
	1,378,963		740,820		656,676		847,473		900,507		1,661,071
	127,026		151,871		98,309		101,537		125,934		273,113
	693,240		719,206		805,922		1,064,576		976,506		604,548
	(1,611,181)		(1,662,748)		(1,730,200)		(2,267,705)		(2,593,776)		(641,069)
\$	43,432,051	\$	42,041,517	\$	44,725,861	\$	45,750,096	\$	46,945,234	\$	51,618,922
\$	2,244	\$	12,553	\$	23,287	\$	36,461	\$	25,668	\$	6,181
	188,018		197,665		255,114		328,443		329,242		197,942
	1,611,181		1,662,748		1,730,200		2,267,705		2,593,776		641,069
\$	1,801,443	\$	1,872,966	\$	2,008,601	\$	2,632,609	\$	2,948,686	\$	845,192
\$	45,233,494	\$	43,914,483	\$	46,734,462	\$	48,382,705	\$	49,893,920	\$	52,464,114
\$	5,153,726	\$	2,599,033	\$	2,920,283	\$	3,759,655	\$	2,957,475	\$	6,986,593
	392,194		127,007		453,477		522,861		911,845		(185,854)
\$	5,545,920	\$	2,726,040	\$	3,373,760	\$	4,282,516	\$	3,869,320	\$	6,800,739

COUNTY OF CAROLINE, VIRGINIA

Fund Balances - Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2012	2013	2014	2015
General Fund				
Nonspendable	\$ -	\$ -	\$ 30,000	\$ -
Restricted	1,176,599	1,827,272	1,846,264	1,846,264
Committed	366,000	366,000	366,000	366,000
Assigned	7,420	421,395	1,420,225	2,962,590
Unassigned	11,597,688	10,901,101	14,297,822	15,979,092
Total General Fund	<u>\$ 13,147,707</u>	<u>\$ 13,515,768</u>	<u>\$ 17,960,311</u>	<u>\$ 21,153,946</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	15,302,519	6,521,258	28,522,432	26,230,745
Committed	-	-	-	-
Assigned	577,240	619,386	209,073	277,781
Unassigned	(304)	(43,865)	(50,154)	(127,250)
Total all other governmental funds	<u>\$ 15,879,455</u>	<u>\$ 7,096,779</u>	<u>\$ 28,681,351</u>	<u>\$ 26,381,276</u>

Table 4

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,583
1,847,361	1,847,361	1,847,361	1,847,361	1,847,361	1,847,361
175,000	3,553,910	2,392,483	2,784,575	1,064,913	693,886
4,598,162	1,818,577	3,007,004	3,007,004	3,007,004	3,007,004
16,346,543	17,398,812	18,313,245	17,083,663	17,080,971	22,963,802
\$ 22,967,066	\$ 24,618,660	\$ 25,560,093	\$ 24,722,603	\$ 23,000,249	\$ 28,580,636
\$ -	\$ -	\$ -	\$ -	\$ 6,052	\$ -
11,790,011	5,635,450	2,421,294	2,704,122	3,700,419	3,863,076
-	-	-	587,002	244,103	532,171
265,878	282,332	257,149	236,326	219,278	9,483,603
(139,160)	(420,770)	(322,446)	(219,758)	(92,256)	-
\$ 11,916,729	\$ 5,497,012	\$ 2,355,997	\$ 3,307,692	\$ 4,077,596	\$ 13,878,850

COUNTY OF CAROLINE, VIRGINIA

Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2012	2013	2014	2015
Revenues				
General property taxes	\$ 28,661,523	\$ 29,981,769	\$ 31,936,888	\$ 34,435,880
Other local taxes	5,264,625	5,183,416	5,761,684	5,975,094
Permits, fees and regulatory licenses	311,443	480,770	529,470	392,539
Fines and forfeitures	702,704	463,215	560,756	522,562
Revenue from use of money/property	218,274	273,027	251,372	255,286
Charges for services	369,300	1,017,772	997,859	1,092,983
Other local revenue	1,404,880	1,114,255	1,228,772	619,896
Intergovernmental	9,691,832	9,280,763	10,262,274	10,057,363
Total revenues	\$ 46,624,581	\$ 47,794,987	\$ 51,529,075	\$ 53,351,603
Expenditures				
General government administration	\$ 2,742,445	\$ 2,974,843	\$ 3,151,105	\$ 3,391,184
Judicial administration	1,196,313	1,271,504	1,301,043	1,330,592
Public safety	11,147,753	11,311,969	12,382,980	11,801,540
Public works	2,822,731	2,661,656	2,713,043	2,801,214
Health and welfare	4,683,615	4,596,258	5,551,495	5,068,757
Education	11,096,989	11,055,989	11,748,926	11,986,533
Parks, recreation and cultural	655,308	662,455	678,432	676,680
Community development	1,299,804	1,343,020	1,381,345	1,435,597
Capital projects	2,009,291	10,279,612	9,597,593	2,958,062
Debt service:				
Principal retirement	2,459,712	4,779,582	4,399,722	5,794,072
Interest and fiscal charges	3,542,841	3,430,830	3,580,048	4,068,491
Total expenditures	\$ 43,656,802	\$ 54,367,718	\$ 56,485,732	\$ 51,312,722
Excess of revenues over(under) expenditures	\$ 2,967,779	\$ (6,572,731)	\$ (4,956,657)	\$ 2,038,881
Other Financing Sources (Uses):				
Transfers in	\$ 4,759,372	\$ 6,051,030	\$ 6,915,440	\$ 9,155,668
Transfers out	(5,839,014)	(10,681,261)	(7,733,736)	(10,300,989)
Issuance of debt	8,400,000	2,535,447	25,133,000	-
Premium in issuance of debt	114,912	119,060	-	-
Lease revenue bonds issued	-	-	-	-
Refunding bonds issued	-	-	8,487,000	-
Payment to refunded bond escrow agent	-	-	(8,390,000)	-
Issuance of capital leases	625,126	133,840	6,574,068	-
Total other financing sources (uses)	\$ 8,060,396	\$ (1,841,884)	\$ 30,985,772	\$ (1,145,321)
Net change in fund balances	\$ 11,028,175	\$ (8,414,615)	\$ 26,029,115	\$ 893,560
Debt service as a percentage of noncapital expenditures	14.40%	18.60%	17.00%	20.40%

Table 5

2016		2017		2018		2019		2020		2021	
\$	34,510,102	\$	35,056,977	\$	35,894,593	\$	36,402,347	\$	37,544,110	\$	39,368,959
	6,032,644		6,316,075		6,711,373		6,761,688		7,231,627		7,861,171
	502,416		417,770		468,716		527,310		507,986		920,108
	484,591		522,735		586,242		521,650		318,804		151,485
	284,644		348,824		484,436		698,912		488,630		190,916
	1,129,021		1,194,819		1,274,827		2,016,859		2,016,045		1,986,790
	778,426		858,606		774,577		5,426,062		1,212,664		1,344,220
	9,856,735		10,304,480		10,545,032		10,263,027		11,075,211		15,495,943
\$	53,578,579	\$	55,020,286	\$	56,739,796	\$	62,617,855	\$	60,395,077	\$	67,319,592
\$	3,424,540	\$	3,265,212	\$	3,553,879	\$	3,566,141	\$	3,914,599	\$	4,463,144
	1,324,354		1,309,884		1,372,101		1,373,148		1,423,333		1,426,446
	11,958,767		12,545,663		13,731,491		18,621,696		16,101,889		15,574,019
	3,034,572		3,263,001		3,428,930		3,741,639		4,117,106		7,111,067
	5,140,027		5,206,983		5,299,278		5,074,095		4,909,150		5,074,516
	12,211,095		13,513,761		14,479,789		14,652,485		15,933,105		14,910,745
	677,341		807,428		758,817		890,567		951,445		926,271
	1,396,369		1,458,096		1,564,618		1,705,736		1,746,093		1,826,302
	16,036,771		11,595,557		5,310,476		4,874,535		3,197,943		2,253,181
	6,479,052		6,284,425		27,497,973		5,948,502		9,520,249		5,335,491
	3,798,912		3,625,400		3,690,464		2,922,877		3,184,101		3,671,530
\$	65,481,800	\$	62,875,410	\$	80,687,816	\$	63,371,421	\$	64,999,013	\$	62,572,712
\$	(11,903,221)	\$	(7,855,124)	\$	(23,948,020)	\$	(753,566)	\$	(4,603,936)	\$	4,746,880
\$	9,529,968	\$	8,430,878	\$	7,641,400	\$	9,003,235	\$	9,322,149	\$	7,384,920
	(11,141,149)		(10,093,626)		(9,371,600)		(11,270,940)		(11,915,924)		(8,025,989)
	-		10,416,169		-		-		-		-
	-		-		1,790,388		92,476		600,259		4,559,048
	5,328,275		-		-		-		-		7,965,000
	-		-		20,120,000		555,000		3,525,000		17,990,000
	(4,465,300)		(7,175,000)		-		(585,000)		-		(21,182,870)
	-		1,508,580		1,568,250		3,073,000		2,120,000		1,944,652
\$	(748,206)	\$	3,087,001	\$	21,748,438	\$	867,771	\$	3,651,484	\$	10,634,761
\$	(12,651,427)	\$	(4,768,123)	\$	(2,199,582)	\$	114,205	\$	(952,452)	\$	15,381,641
	20.90%		19.20%		41.20%		14.70%		20.60%		15.10%

Tax Revenues by Source - Governmental Funds
Last Ten Fiscal Years

Fiscal Year Ended	Property (1)	Local Sales And Use	Business License	Motor Vehicle Licenses	Recordation and Wills	Other	Total
2012	\$ 27,892,748	\$ 1,527,122	\$ 969,103	\$ 823,632	\$ 214,204	\$ 905,990	\$ 32,332,799
2013	29,247,485	1,521,998	1,065,597	596,577	330,602	875,773	33,638,032
2014	31,121,030	1,672,694	1,080,256	951,114	241,404	964,162	36,030,660
2015	33,554,227	1,779,229	998,994	1,038,375	229,367	1,929,129	39,529,321
2016	33,649,865	1,990,779	793,703	1,031,986	262,702	1,953,474	39,682,509
2017	34,180,894	1,997,309	850,591	1,067,923	337,059	2,063,193	40,496,969
2018	34,964,963	2,294,305	858,769	1,106,599	289,021	2,162,679	41,676,336
2019	35,484,094	2,233,473	905,098	1,155,454	296,994	2,170,669	42,245,782
2020	36,564,825	2,855,615	890,641	1,050,059	379,097	2,056,215	43,796,452
2021	38,402,820	3,209,281	880,612	1,125,933	579,648	2,065,697	46,263,991

(1) Property tax revenue does not include penalties and interest collected on delinquent tax collections

COUNTY OF CAROLINE, VIRGINIA

Table 7

Assessed Value and Estimated Actual Value of Taxable Real Property
Last Ten Fiscal Years

Calendar Year Ended	Residential/Ag Property	Commercial Property	Total Tax Assessed Value	Public Service	Total Direct Tax Rate	Total Taxable Assessed Value*	Estimated Actual Taxable Value**	Tax Exempt Property
2012	\$ 2,429,392,400	\$ 246,436,500	\$ 2,675,828,900	\$ 445,997,166	0.72	\$ 2,472,437,766	\$ 2,467,338,774	\$ 617,635,500
2013	2,442,289,300	248,331,800	2,690,621,100	441,865,589	0.72	2,489,263,778	2,625,764,712	620,461,000
2014	2,469,946,000	252,046,100	2,721,992,100	457,707,814	0.83	2,508,034,069	2,820,717,202	617,026,400
2015	2,487,780,900	252,194,100	2,739,975,000	454,551,741	0.83	2,524,569,750	2,986,348,774	616,423,700
2016	2,512,269,100	277,798,100	2,790,067,200	449,727,011	0.82	2,567,496,683	3,069,043,230	626,909,800
2017	2,529,180,300	279,540,500	2,808,720,800	427,462,005	0.83	2,582,791,169	3,250,081,925	627,442,100
2018	2,554,163,300	280,057,500	2,834,220,800	408,942,834	0.83	2,610,222,802	3,451,736,451	627,510,600
2019	2,571,357,400	282,378,800	2,853,736,200	415,306,211	0.83	2,638,682,932	3,506,680,020	630,941,700
2020	2,598,391,200	286,613,700	2,885,004,900	407,512,245	0.83	2,660,270,187	3,661,173,731	634,618,200
2021	3,186,025,200	303,807,500	3,489,832,700	443,576,728	0.77	3,212,376,184	4,011,301,954	635,255,300

Source: Caroline County Commissioner of Revenue

*The Total Taxable Assessed is the Total Tax Assessed Value minus land use, elderly, and veterans plus minerals.

**The Estimated Actual Taxable Value is the Total Tax Assessed Value multiplied by the median Assessment Sales Ratio. The Assessment Sales Ratio is calculated annually by the Commissioner based on calendar year sales.

Direct Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property (1)(2)	Machinery and Tools	Public Service Corporations	
				Real Estate	Personal Property
2012	0.72	3.50	3.50	0.72	3.50
2013	0.72	3.80	3.50	0.72	3.80
2014	0.83	3.80	3.50	0.83	3.80
2015	0.83	3.80	3.50	0.83	3.80
2016	0.82	3.80	3.50	0.82	3.80
2017	0.83	3.80	3.50	0.83	3.80
2018	0.83	3.80	3.50	0.83	3.80
2019	0.83	3.80	3.50	0.83	3.80
2020	0.83	3.80	3.50	0.83	3.80
2021	0.77	3.80	3.50	0.77	3.80

(1) Assessed value for vehicles increased to 100% of market value in 2012.

(2) Assessed value for vehicles changed to 100% trade-in value in 2013.

Source: Caroline County Commissioner of Revenue

COUNTY OF CAROLINE, VIRGINIA

Table 9

Assessed Value and Estimated Actual Value of Taxable Property Including Personal Property
Last Ten Fiscal Years

Fiscal Year	Real Estate (1)	Personal Property (2)	Veteran Reduced Rate (3)	Motor Carrier	Mobile Homes	Machinery and Tools	Public Utility (4)	Total Taxable Assessed Value
2012	2,675,828,900	316,976,453	N/A	N/A	N/A	7,034,730	436,895,835	3,436,735,918
2013	2,690,621,100	254,081,388	N/A	N/A	N/A	7,045,530	447,027,197	3,398,775,215
2014	2,721,992,100	267,269,457	N/A	4,275,051	5,739,310	7,742,330	444,342,422	3,451,360,670
2015	2,739,975,000	269,604,250	N/A	4,175,980	5,903,710	7,383,110	457,707,814	3,484,749,864
2016	2,790,067,200	283,270,225	N/A	4,823,373	6,003,800	7,842,570	454,694,067	3,546,701,235
2017	2,808,720,800	292,173,240	N/A	5,465,800	6,166,690	7,962,840	450,539,996	3,571,029,366
2018	2,834,220,800	310,716,700	N/A	4,741,020	6,242,790	7,807,340	430,354,563	3,594,083,213
2019	2,853,736,200	324,134,396	1,443,300	4,917,750	6,543,290	7,735,500	418,038,530	3,616,548,966
2020	2,885,004,900	330,589,567	1,631,600	5,313,930	6,950,800	7,984,910	410,095,645	3,647,571,352
2021	3,489,831,700	375,679,108	2,278,190	4,567,870	6,749,310	9,183,130	447,207,802	4,335,497,110

Source: Caroline County Commissioner of Revenue

- (1) Assessed at 100% of market value using an assessed value to sales price factor computed annually by the State Department of Taxation.
- (2) Motor vehicles valued at 100% clean trade-in value per JDPower (NADA) guidebook or % of original cost.
- (3) Reduced rate for veterans was not adopted and put into County ordinance until 2019.
- (4) Vehicles assessed at 100% market value in 2012 and 100% trade-in value for 2013 and beyond. Values assessed by the SCC and remitted to the COR annually. This table has been updated in FY 21 to adhere to how SCC numbers were provided, some previous year amounts will not match due to those numbers being changed to actuals vs. estimates.

N/A - This information was not available as of the date of this report

Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (1,3)	Collected Within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date		Outstanding Delinquent Taxes (1,2)	Percentage of Delinquent Taxes to Tax Levy
		Amount (1,3)	Percentage of Levy		Amount	Percentage of Levy		
2012	30,790,303	29,222,222	94.91%	955,058	30,177,280	98.01%	4,021,078	13.06%
2013	31,992,621	30,609,324	95.68%	963,110	31,572,434	98.69%	4,478,787	14.00%
2014	33,707,074	31,483,184	93.40%	1,132,536	32,615,720	96.76%	4,799,184	14.24%
2015	36,315,452	34,636,181	95.38%	1,016,627	35,652,808	98.18%	4,677,178	12.88%
2016	36,339,139	34,852,070	95.91%	995,043	35,847,113	98.65%	4,729,311	13.01%
2017	36,999,802	35,374,665	95.61%	992,230	36,366,895	98.29%	4,909,900	13.27%
2018	37,602,914	35,994,290	95.72%	1,073,343	37,067,633	98.58%	4,999,558	13.30%
2019	38,195,184	36,480,464	95.51%	991,077	37,471,541	98.11%	5,313,939	13.91%
2020	39,138,496	37,227,216	95.12%	1,338,987	38,566,203	98.54%	5,526,405	14.12%
2021	41,014,494	39,198,341	95.57%	1,132,265	40,330,606	98.33%	5,525,174	13.47%

Source:
Caroline County Treasurer

Notes:

- (1) Exclusive of penalties and interest. Includes Commonwealth of Virginia's reimbursement for personal property taxes and balances outstanding.
- (2) Includes three most current delinquent tax years and first half of current year.
- (3) Does not include land redemptions.

COUNTY OF CAROLINE, VIRGINIA

Table 11

Principal Property Taxpayers

Current Year and Nine Years Ago

Taxpayer/Type of Business	2021			2012		
	Assessed		Rank	Assessed		Rank
	Valuation	Percentage of Total Assessed Valuation		Valuation	Percentage of Total Assessed Valuation	
Dominion Virginia Power/Electric Utility	\$ 250,408,430	5.78%	1	\$ 284,093,931	8.28%	1
Rappahannock Electric Cooperative/Electric Utility	65,658,435	1.51%	2	59,446,762	1.73%	2
McKesson Corporation/Pharmaceutical Distributor	28,140,480	0.65%	3	31,683,780	0.92%	3
Virginia Natural Gas, Inc./Gas Utility	27,055,595	0.62%	4	21,101,833	0.62%	4
CSX Transportation/Railroad	20,762,407	0.48%	5			
PFJ Southeast LLC	20,315,980	0.47%	6			
Commonwealth Fairs & Events LLC	15,169,550	0.35%	7			
Carmel Church Properties/Bank	13,780,200	0.32%	8	15,736,800	0.46%	7
M.C. Dean, Inc.	12,354,580	0.28%	9			
Exeter 11266 Enterprises LLC (Value City)	12,339,400	0.28%	10			
Richmond, Fredericksburg and Potomac Railroad/Railroad				18,624,268	0.54%	5
Verizon South\Telephone Utility				16,525,379	0.48%	6
JLB Ruthier Glen LLC\Furniture Distribution				13,908,500	0.41%	8
Atlantic Rural Exposition & State Fair\Public Entertainment				13,175,475	0.38%	9
NNP IV-Ladysmith\Property Development				12,663,300	0.37%	10
Totals	\$ 465,985,057	10.74%		\$ 486,960,028	14.19%	

Source:

Caroline County Commissioner of The Revenue

**Ratios of Gross General Bonded Debt to Assessed Value
and Gross Bonded Debt per Capita
Last Ten Fiscal Years**

Fiscal Year	Population	Assessed Value (1)	Gross Bonded Debt (2)	Ratio of Gross Bonded Debt to Assessed Value	Gross Bonded Debt per Capita
2012	28,972	\$ 3,436,735,918	\$ 70,082,850	2.04%	\$ 2,419
2013	29,298	3,398,775,215	68,185,970	2.01%	2,327
2014	29,481	3,451,360,670	89,289,968	2.59%	3,029
2015	29,727	3,487,350,474	84,171,514	2.41%	2,831
2016	29,792	3,546,701,235	79,630,525	2.25%	2,673
2017	30,178	3,971,708,528	77,413,509	1.95%	2,565
2018	30,292	3,594,083,213	71,088,302	1.98%	2,347
2019	30,318	3,619,149,861	66,145,524	1.83%	2,182
2020	30,318	3,647,571,352	61,309,469	1.68%	2,022
2021	30,318	4,335,497,110	67,845,437	1.56%	2,238

(1) See table 7 for property value data

(2) Includes all long -term general obligation bonded debt, bond anticipation notes, lease revenue bonds and literary loans. Excludes revenue bonds, landfill closure/post-closure care liability, pension liability, OPEB liability, capital leases, and compensated absences.

Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(2) Personal Income (in 000s)</u>	<u>(2) Per Capita Personal Income</u>	<u>(3) School Enrollment- September 30 Membership</u>	<u>(4) Unemployment Rate</u>
2012	28,972	1,086,741	37,510	4,317	6.7%
2013	29,298	1,110,966	37,920	4,340	6.9%
2014	29,481	1,119,643	37,978	4,386	5.9%
2015	29,727	1,140,455	38,035	4,357	5.5%
2016	29,792	1,255,476	N/A	4,330	4.2%
2017	30,178	1,201,056	N/A	4,299	4.3%
2018	30,292	1,259,845	N/A	4,076	3.6%
2019	30,318	1,294,583	N/A	4,214	3.6%
2020	30,318	1,343,383	N/A	4,253	8.8%
2021	30,887	1,440,613	31,568	4,131	5.0%

Sources:

(1) Estimated by Weldon Cooper Center for Public Service, University of Virginia, on a calendar basis for all years.

(2) US Department of Commerce, Bureau of Economic Analysis

(3) Virginia Department of Education as of September 30 each year

(4) Virginia Employment Commission fiscal year-end

N/A - Information unavailable at fiscal year-end

Full-Time Equivalent County Government Employees by Function
Last Ten Fiscal Years

Function	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
County Administrator	3	4	4	4	4	4	4	4	4	4
Finance	4	3	3	3	3	3	3	3	3	4
Information Technology		1	1	1	1	1	1	2	2	2
Emergency Services	26	30	30	30	30	33	40	48	48	48
Public Works	13	13	13	13	14	16	17	17	17	17
Social Services	29	29	29	29	31	31	32	34	34	34
Recreation	3	3	3	3	3	3	3	3	3	3
Library							4	4	4	4
Planning and Community Development	10	10	10	10	10	10	11	11	11	11
Economic Development	2	2	2	2	2	2	2	2	2	2
Utilities	15	15	15	15	16	16	17	17	17	17
Registrar	2	2	2	2	2	2	2	2	2	2
Victim Witness	1	1	1	1	1	1	1	1	1	1
Constitutional Officers:										
Commissioner of the Revenue	12	13	13	13	13	13	13	13	13	13
Treasurer	7	8	8	8	8	8	8	9	9	9
Circuit Court	1	1	1	1	1	1	1	1	1	1
Clerk of the Circuit Court	8	8	8	8	8	8	8	8	8	8
Commonwealth's Attorney	5	5	5	5	5	5	5	5	5	5
Sheriff:										
Sworn	52	52	52	52	52	52	52	53	54	54
Non sworn	19	19	19	19	19	20	20	22	22	22
Total full time employees	212	219	219	219	223	229	244	259	260	261

Source:
Caroline County Budgets

Principal Employers
Current Year and Nine Years Ago

Employer	2021		2012		
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment	
Caroline County School Board	500 - 999	9.0% - 18.0%	500 - 999	8.3% - 16.7%	
County of Caroline	250 - 499	4.5% - 9.0%	250 - 499	4.2% - 8.3%	
U.S. Department of Defense	100 - 249	1.8% - 4.5%	250 - 499	4.2% - 8.3%	
First Market Bank	100 - 249	1.8% - 4.5%	250 - 499	4.2% - 8.3%	
Mckesson Corporation	100 - 249	1.8% - 4.5%	100 - 249	1.7% - 4.2%	
Food Lion	100 - 249	1.8% - 4.5%	100 - 249	1.7% - 4.2%	
Gretna Health Care Center	50 - 99	0.9% - 1.8%			
Pilot Travel Centers LLC	50 - 99	0.9% - 1.8%	100 - 249	1.7% - 4.2%	
Peumansend Creek Regional Jail	50 - 99	0.9% - 1.8%	100 - 249	1.7% - 4.2%	
HR Service Group LLC	50 - 99	0.0% - 1.8%			
Warsaw Health Care Center			100 - 249	1.7% - 4.2%	
U.S. Army Non-Appropriated Funds Division			100 - 249	1.7% - 4.2%	

Sources:

Virginia Employment Commission

COUNTY OF CAROLINE, VIRGINIA

Table 16

Operating Indicators by Function
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sheriff's Department (1)										
Reports taken	N/A	2,003	2,155	2,084	2,338	2,199	2,127	N/A	N/A	N/A
Civil processed record workload	N/A	6,665	7,580	7,824	8,935	8,741	10,021	N/A	N/A	N/A
Warrants Served	N/A	2,481	3,206	2,987	3,686	3,685	3,582	N/A	N/A	N/A
Traffic Tickets	N/A	3,883	7,350	8,382	10,521	7,712	7,747	N/A	N/A	N/A
Circuit court days	N/A	138	136	133	145	133	122	N/A	N/A	N/A
General district court days	N/A	104	121	123	123	117	115	N/A	N/A	N/A
Juvenile and domestic court days	N/A	168	167	163	150	139	127	N/A	N/A	N/A
Inmate Transports (Not Courts)	N/A	692	707	675	842	708	722	N/A	N/A	N/A
Mental Transports	N/A	130	87	88	84	63	78	N/A	N/A	N/A
Dispatch Center (1)										
Calls Received by Dispatch	N/A	98,472	99,920	104,417	100,335	105,424	97,407	N/A	N/A	N/A
Calls Responded	N/A	26,832	31,850	31,845	30,049	25,945	28,376	N/A	N/A	N/A
Parks, Recreation & Tourism (2)										
Number of Participants	N/A	N/A	4,330	4,215	4,500	N/A	N/A	N/A	N/A	N/A
Library (3)										
# of Registered Users	15,295	15,391	17,025	16,184	17,191	16,181	15,999	13,750	23,272	21,801
# of Active Users (Users who have used the library in the last year)	1,052	2,446	3,205	3,579	4,098	4,418	4,821	3,050	5,516	5,732
Total Library Circulation	20,163	45,390	50,918	55,183	139,247	183,896	279,072	242,945	276,335	161,929
Total Physical Circulation	11,652	33,933	46,892	52,475	136,828	182,100	278,029	241,749	275,532	161,855
Total Electronic Circulation	8,511	11,457	4,026	2,708	2,419	1,796	1,043	1,196	803	74
Water system (4)										
Number of customers										
Water	1,979	1,843	1,783	1,736	1,631	1,563	1,511	1,465	1,408	1,384
Wastewater	1,502	1,358	1,298	1,251	1,201	1,141	1,073	1,021	975	918
Average daily consumption (in Millions)	0.4864	0.4592	0.4841	0.4543	0.4186	0.4734	0.6458	0.5968	0.5749	0.4721
Average peak daily consumption (in Millions)	0.7137	0.6441	0.7322	0.6264	0.6093	0.7915	0.9428	0.8299	0.7844	0.7273
Annual consumption in gallons (in Millions)	177.5260	167.5910	176.6930	165.8160	152.7910	172.8050	235.6990	217.8490	209.8530	172.3330

Sources:

(1) Caroline County Sheriff's Department (Information compiled each calendar year)

(2) Caroline County Parks and Recreation Department

(3) Caroline County Library

(4) Caroline County Public Utilities

N/A - This information was not available as of the date of this report

COUNTY OF CAROLINE, VIRGINIA

Table 17

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sheriff's Department (1)										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	68	68	69	76	69	63	60	N/A	N/A	62
Volunteer Fire and Rescue (2)										
Stations	8	8	8	8	8	8	8	8	8	9
Parks and recreation (3)										
Number of parks maintained	3	3	3	3	3	3	3	3	3	3
Park acreage owned by the County	47.08	47	47	47	47	47	47	47	47	47
Park acreage leased	7.5	8	8	8	8	8	8	8	8	8
Library (4)										
Number of libraries	4	4	4	4	4	4	4	4	4	4
Number of bookmobiles	0	0	0	0	1	1	1	1	1	1
Water system (5)										
Treatment capacity per day in gallons	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	500,000	500,000	500,000	500,000	500,000

Sources:

- (1) Caroline County Sheriff's Department
 - (2) Caroline County Fire and EMS
 - (3) Caroline County Parks and Recreation Department
 - (4) Caroline County Library
 - (5) Caroline County Public Utilities
- N/A - This information was not available as of the date of this report



**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of the Board of Supervisors
County of Caroline
Caroline, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Caroline Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise County of Caroline, Virginia's basic financial statements and have issued our report thereon dated November 30, 2021. Our report includes a reference to other auditors who audited the financial statements of the School Activity Funds, as described in our report on the County of Caroline, Virginia's financial statements. This report does not include the results of the other auditors' testing of internal control over financial report or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Caroline, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Caroline, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Caroline, Virginia's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Caroline, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 30, 2021



**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the Board of Supervisors
County of Caroline
Caroline, Virginia**

Report on Compliance for Each Major Federal Program

We have audited County of Caroline, Virginia's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Caroline, Virginia's major federal programs for the year ended June 30, 2021. County of Caroline, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Caroline, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Caroline, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Caroline, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Caroline, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of County of Caroline, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Caroline, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Caroline, Virginia's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 30, 2021

COUNTY OF CAROLINE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Entity Identifying Pass-through Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Agriculture:				
Pass Through Payments:				
Virginia Department of Social Services:				
State Administrative Matching Grants for Supplemental Assistance Program (SNAP Cluster)	10.561	040120/040121		\$ 423,767
Pass Through Payments:				
Department of Education:				
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901	\$ 936,664	
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	17901	163,298	
Sub-total AL 10.559			<u>\$ 1,099,962</u>	
Department of Education:				
School Breakfast Program (Child Nutrition Cluster)	10.553	17901-40591	\$ 1,455	
National School Lunch Program (Child Nutrition Cluster)	10.555	17901-40623	2,658	
Department of Agriculture:				
Food Distribution - School Nutrition Program (Child Nutrition Cluster)	10.555	17901-45707	184,497	
Sub-total AL 10.555			<u>\$ 187,155</u>	
Child Nutrition Cluster				\$ 1,288,572
Child and Adult Care Food Program (CACFP)	10.558	185002-20100		55,433
Total Department of Agriculture				<u>\$ 1,767,772</u>
Department of Homeland Security:				
Pass Through Payments:				
Emergency Management Performance Grants	97.042	77501-114363		\$ 7,892
Total Department of Homeland Security				<u>\$ 7,892</u>
Department of Justice:				
Direct Payments:				
Equitable Sharing Program	16.922	N/A		\$ 5,594
Pass Through Payments:				
Department of Criminal Justice Services:				
Crime Victim Assistance	16.575	39001-102200		14,932
Total Department of Justice				<u>\$ 20,526</u>
Department of Health and Human Services:				
Pass Through Payments:				
Department of Education:				
Temporary Assistance for Needy Families Program	93.558	179001-59110	\$ 72,049	
Virginia Department of Social Services:				
Temporary Assistance for Needy Families Program	93.558	400120/400121	208,910	
Sub-total AL 93.558				\$ 280,959
MaryLee Allen Promoting Safe and Stable Families Program	93.556	950119/950120		8,608
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	500120/500121		434
Low-Income Home Energy Assistance	93.568	600420/600421		33,153
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	760120/760121		43,845
Adoption and Legal Guardianship Incentive Payments	93.603	1130118		646
Stephanie Tubbs Jones Child Welfare Services Program	93.645	11001120/1100121/		123
Foster Care - Title IV-E	93.658	1110121		227,153
Adoption Assistance	93.659	1120120/1120121		228,501
Social Services Block Grant	93.667	1000120/1000121		151,689

COUNTY OF CAROLINE, VIRGINIA

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Entity Identifying Pass-through Number	Pass-Through to Subrecipients	Federal Expenditures
Department of Health and Human Services: (Continued)				
Pass Through Payments: (Continued)				
Virginia Department of Social Services: (Continued)				
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150119/9150120		\$ 3,015
Children's Health Insurance Program	93.767	540120/540121		3,706
Medical Assistance Program (Medicaid Cluster)	93.778	1200120/1200121		318,585
Total Department of Health and Human Services				<u>\$ 1,300,417</u>
Department of Education:				
Pass Through Payments:				
Department of Education:				
Title I Grants to Local Educational Agencies	84.010	179001-39922		\$ 736,535
Career and Technical Education - Basic Grants to States	84.048	179001-61095		75,675
Supporting Effective Instruction State Grants	84.367	179001-61480		143,984
English Language Acquisition State Grants	84.365	179001		7,198
Education for Homeless Children and Youth	84.196	179001-61550		5,865
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	179001-70037	\$ 20,392	
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	179001-60177	24,091	
Sub-total AL 84.425				44,483
Student Support and Academic Enrichment Program	84.424	S424A170048		56,937
Special Education - Preschool Grants (Special Education Cluster)	84.173	179001-62521	\$ 19,051	
Special Education - Grants to States (Special Education Cluster)	84.027	179001-45170	893,531	
Special Education Cluster				912,582
Total Department of Education				<u>\$ 1,983,259</u>
Department of Defense:				
Direct Payments:				
ROTC Instruction	12.U01	N/A		\$ 65,180
Total Department of Defense				<u>\$ 65,180</u>
Department of Transportation:				
Pass Through Payments:				
Department of Motor Vehicles:				
Alcohol Impaired Driving Countermeasures Incentive Grants I (Highway Safety Cluster)	20.601	60507-53000		\$ 8,684
Total Department of Transportation				<u>\$ 8,684</u>
Department of the Treasury:				
Pass Through Payments:				
Department of Accounts:				
Coronavirus State and Local Fiscal Recover Funds (CSFRF)	21.027	10110-729431		\$ 111,418
COVID-19 - Coronavirus Relief Funds (CRF)	21.019	10110-728021	\$ 245,224	5,163,815
Virginia Department of Education:				
COVID-19 - Coronavirus Relief Funds (CRF)	21.019	179001-54911		885,309
Total Department of the Treasury				<u>\$ 6,160,542</u>
Election Assistance Commission:				
Pass Through Payments:				
Department of Elections:				
COVID-19 - HAVA Election Security Grants	90.404	not available		\$ 56,332
Total Election Assistance Commission				<u>\$ 56,332</u>
Total Expenditures of Federal Awards			<u>\$ 245,224</u>	<u>\$ 11,370,604</u>

See the accompanying notes to schedule of expenditures of federal awards.

COUNTY OF CAROLINE, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the County of Caroline, Virginia under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County of Caroline, Virginia, it is not intended to be and does not present the financial position, changes in net position, or cash flows of the County of Caroline, Virginia.

Note 2 - Summary of Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	33,206
Less: Payment in lieu of taxes		(1,698)
Special Revenue Funds:		
Virginia Public Assistance Fund		1,649,613
CSA Fund		2,523
CARES Act Fund		4,969,325
Confiscated Asset Fund		5,594
Debt Service Fund:		
Debt Service Fund		663,351
Less: BaBs federal interest rate subsidy and other federal credits		(663,351)

Proprietary Fund:

Utilities Fund		32,240
Total primary government	\$	<u>6,690,803</u>

Component Unit - School Board:

School Operating Fund	\$	1,291,970
School Cafeteria Fund		1,377,784
School Grant Fund		1,846,532
Total component unit school board	\$	<u>4,516,286</u>

Total federal expenditures per basic financial statements

\$ 11,207,089

Component Unit Economic Development Authority

\$ 330,000

Less: Payments in Lieu of Taxes

\$ (166,485)

Total federal expenditures per the Schedule of Expenditures
of Federal Awards

\$ 11,370,604

Note 5 - Subrecipients

Expenditures to subrecipients are presented on the Schedule of Expenditures of Federal Awards.

Note 6 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

COUNTY OF CAROLINE, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

Unmodified

Internal control over financial reporting:

a. Material weakness(es) identified?

 yes ✓ no

b. Significant deficiency(ies) identified?

 yes ✓ none
reported

Noncompliance material to financial statements noted?

 yes ✓ no

Federal Awards

Internal control over major programs

a. Material weakness(es) identified?

 yes ✓ no

b. Significant deficiency(ies) identified?

 yes ✓ none
reported

Type of auditors' report issued on compliance for major programs

Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR section 200.516(a)?

 yes ✓ no

Identification of major programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

10.561

State Administrative Matching Grants for
Supplemental Nutrition Assistance Program

21.019

Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

 yes ✓ no

COUNTY OF CAROLINE, VIRGINIA

Schedule of Findings and Questioned Costs: (Continued)
For the Year Ended June 30, 2021

Section II-Financial Statement Finding

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV-Commonwealth of Virginia Findings and Questioned Costs

None

COUNTY OF CAROLINE, VIRGINIA

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

Findings - Commonwealth of Virginia Findings and Questioned Costs:

2020-001:

Condition:

We noted a member of school board did not complete a disclosure statement of their personal interest and other information as required.

Recommendation:

The School Board should update policy to be in compliance with Section 2.2-3115 of the *Code of Virginia*.

Current Status:

Planned corrective action completed.